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Oversight hearings before the subcommittee on Education of the Committee on Labor and Public Welfare, United States Senate, Ninety-third Congress examine the financial plight, and the stability and conditions of higher education institutions. Testimony and statistical data are presented. (MJM)

ED104295

HIGHER EDUCATION OVERSIGHT, 1974

HEARINGS

BEFORE THE

SUBCOMMITTEE ON EDUCATION

OF THE

COMMITTEE ON
LABOR AND PUBLIC WELFARE
UNITED STATES SENATE

NINETY-THIRD CONGRESS

SECOND SESSION

ON

EXAMINATION OF THE FINANCIAL PLIGHT, THE STABILITY AND CONDITIONS OF HIGHER EDUCATION INSTITUTIONS

NOVEMBER 26 AND 27, 1974

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EDUCATION & WELFARE
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HIGHER EDUCATION OVERSIGHT, 1974

TUESDAY, NOVEMBER 26, 1974

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION OF THE
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:03 a.m., in room 4232, Dirksen Senate Office Building, the Honorable Claiborne Pell, subcommittee chairman, presiding.

Present: Senators Pell, Javits, and Dominick.

Senator PELL. The subcommittee will come to order.

Today we are, in effect, continuing our legislative oversight of higher education in preparation for legislative activity in the 94th Congress. The Higher Education Act expires next June 30. The automatic extension is, of course, available so that the operative date can be June 30, 1976. However, it is important that we start discussing the issues now so that we will soon have a well thought out approach to the continuation or amendment of high education law.

Our hearing today is specifically concerned with the general well-being or health of institutions of postsecondary education. Much of the debate surrounding the 1972 higher education bill revolved around the financial plight of the institutions. It was alleged that, without direct Federal assistance, many schools would cease to exist. With that in mind, the conference adopted a cost of education allowance which would provide, if funded, a certain measure of support to the schools for each federally assisted student there in attendance.

I regret that that provision has not been funded. However, I still believe that it is a logical way to bring some financial relief to institutions.

It is my hope that today's hearing will discuss what has happened in the ensuing years. Have the institutions gone out of business? Have they cut back services? Has enrollment declined or grown? What has inflation done to budgets? What effect has the energy crisis had?

We hope that these hearings will develop a general picture upon which we can make rational decisions.

Today's hearing will be given over to a panel put together by Dr. Stephen Bailey, vice president of the American Council on Education. This panel appears to cover most of the areas of higher education, with certain exceptions, and we will hear about them tomorrow.

I welcome Dr. Bailey, who has been so cooperative with the committee in the past.

I would also read into the record, at the request of Senator Randolph, his statement.

STATEMENT OF HON. JENNINGS RANDOLPH, A U.S. SENATOR FROM THE STATE OF WEST VIRGINIA

Senator RANDOLPH. This is a most timely and important set of hearings on the stability and conditions of higher education institutions. I am confident that from these sessions will come proposals and guidelines which will prove helpful to the future security of many struggling institutions.

Each of us is aware of the economic problems facing our Nation's colleges and universities. To state it bluntly, many of them are going broke.

Over the past three decades, higher education has been one of the great growth industries. Enrollments have doubled in each successive decade. Today there are more than 9.3 million students enrolled in nearly 3,000 institutions, with annual expenditures of more than $32 billion.

In the latter part of this trend, the smaller colleges and universities—which traditionally have absorbed about half of all American students—determined that they were no longer able to handle such growth. This resulted in greatly increased enrollments and physical expansion of the larger public institutions.

Overall growth of college enrollments has begun to slow. In the 1960's enrollments were rising at an annual rate of 9 percent; in the early 1970's, the rate of increase dropped below 5 percent; and this year it will probably not exceed 3 percent. Declining enrollments, increased costs, inflation and the energy crisis all have combined to threaten the very existence of many of our institutions—particularly our small private 4-year liberal arts colleges which have served such an important role in higher education.

Nearly 150 such independent colleges have closed their doors in the past 5 years. The taxpayer is already paying a price for this decline in private education. In States like New York, Texas, Kansas, and Ohio, a number of such colleges already have been absorbed into the State system. In our State of West Virginia, the trustees of Morris Harvey College have offered to turn that institution over to the State to assure its survival. Some members of the State Legislature have questioned whether or not the taxpayers can afford the estimated $2 million a year it will cost to operate the college.

We can expect no pat solutions to the problems of higher education to come from these hearings. But it is essential that we begin working to strengthen these institutions which deserve to survive. Unless we move to right the balance, simple economics will continue to push toward giant public schools and a few prestigious private ones. The previous and irreplaceable middle ground will gradually disappear unless we act now to prevent it, and we should prevent such a condition.

Senator PELL. Senator Dominick?

Senator DOMINICK. Mr. Chairman, thank you very much.

I want to express my warm feelings toward you as chairman and say that I am delighted to be here today, as it may well be the last Education Subcommittee meeting that I attend.

It is a particular pleasure for me to be here to introduce an old and good friend, Dr. Bond, who is president of the University of Northern Colorado, who is in the panel this morning. He has had a long and distinguished career during which he held a variety of administrative positions at universities, such as Cornell and Illinois State, prior to becoming the university president at Northern Colorado.

I know that Dr. Bond did his undergraduate work at Salem College, West Virginia; got his master's degree from West Virginia University, and received his doctorate from the University of Wisconsin, and is eminently qualified to assist the subcommittee in its attempt to gain an overview of the prevailing conditions in and the stability of our institutions of higher education.

If I may, Mr. Chairman, I would like to say on a personal note that I have enjoyed working with you over the years, and I wish I were going to be here longer than I am.

I have enjoyed working with Dr. Bond, and I wish Dr. Bond continued success at the university throughout his term there.

Senator PELL. Thank you.

I add my own really deep personal regrets that this is the last session of this subcommittee that Senator Dominick will attend. We worked well and closely in harmony for a good many years now. I think he knows my personal regret is very high.

And the only happy note I can offer is I can assure him this will not be the last hearing, we have an awful lot of hearings still scheduled in this session—too many.

Dr. Bailey, you might introduce your panel for the record.

STATEMENT OF DR. STEPHEN K. BAILEY, VICE PRESIDENT, AMERICAN COUNCIL ON EDUCATION; KEITH SPALDING, PRESIDENT, FRANKLIN & MARSHALL COLLEGE, CHAIRMAN, BOARD OF DIRECTORS, ASSOCIATION OF AMERICAN COLLEGES; J. HARRY SMITH, PRESIDENT, ESSEX COUNTY (N.J.) COLLEGE; DALE R. CORSON, PRESIDENT, CORNELL UNIVERSITY; ROBERT J. KIBBEE, CHANCELLOR, CITY UNIVERSITY OF NEW YORK; RICHARD R. BOND, PRESIDENT, UNIVERSITY OF NORTHERN COLORADO, A PANEL REPRESENTING THE MAJOR SUBDIVISIONS OF EDUCATION

Mr. BAILEY. I am Stephen K. Bailey, vice president of the American Council on Education, and I appreciate your invitation to appear before the Education Subcommittee of the Senate Committee on Labor and Public Welfare this morning for a panel discussion on the state of higher education.

At this time I should like to introduce my colleagues on the panel. They are Richard R. Bond, president of the University of Northern Colorado; Dale R. Corson, president of Cornell University; Robert J. Kibbee, chancellor of the City University of New York; Keith Spalding, president of Franklin & Marshall College; and J. Harry Smith, president of Essex County (New Jersey) College.

Your interest in getting a broad and accurate view of the present and prospective condition of our colleges and universities seems to us a most responsible way of beginning the necessary reconsideration of the Education Amendments of 1972.

I should like to state at the outset, Mr. Chairman, what I shall document presently; that without the addition of the Pell grants to the list of recent higher education policies, the difficult position in which many colleges and universities presently find themselves would instead be critical in the extreme. For your and your associates' leadership in the field of student aid, all of us in postsecondary education are deeply in your debt. We are only disturbed that appropriations have not measured up to the promise and the need.

Before my fellow panelists describe the situation in terms of their own institutions, I should like to present a brief overview of American higher education. I plan to cover three principal topics—the unfinished agenda for achieving equal opportunity, the continuing crisis in financing higher education, and the important role of higher education in the national economy.

1. THE UNFINISHED AGENDA FOR ACHIEVING EQUALITY OF OPPORTUNITY

Although Congress has enacted landmark legislation over the past decade to extend opportunities for higher education, the task of creating truly equal educational opportunities is not yet finished, and in fact has just begun.

We know that at income levels of $15,000 and above, the proportion of high school graduates who go to college is almost double the proportion at income levels under $3,000 (chart 1). If we pierce through the effects of income inequality on graduating from high school in the first place, and take into account the fact that high school dropout rates are 10 times greater for students from low-income families than for those from higher income families, the disparities in college going rates become twice as wide; the proportion of students from higher income families going on to college is four times that of students from low-income families. And, overall, far fewer black and Spanish surname students than whites go on to college. We also know that proportionately fewer women than men enter and complete college experiences.

While rates of increase of enrollment growth and education participation rates have declined from 1969 peaks for all income levels, and enrollments in individual institutions in different sectors—particularly 2-year private colleges—have declined, enrollments overall are increasing.

In the immediate future, our institutions of higher education must accommodate larger numbers, because the college age group—18 to 21—will continue to increase for another 4 or 5 years before declining as a result of lower birth rates, and because colleges are serving a broader age range (chart 2). At the present time, only two-thirds of undergraduate college students are college age, and almost four-fifths of part-time students are 25 or over. And we have yet to take seriously the job of helping those who did not have a chance to go to college when they were younger, but who now see their lack of a college education as a major barrier to economic and social mobility. A recent survey, some results of which are illustrated in chart 3, found that 45 percent of noncollege young people believed that inadequate education is a barrier to a desirable job.

The chance to go to college still depends too much on where the student lives, because of the extreme disparities that exist in the educational opportunities which States provide their citizens. Chart 4 illustrates the differences across the States in the availability of educational opportunity. In some States, the majority of people are within a 45-minute commute to a free-access college while, in other States, few of the people are. A college is characterized here as "free access" if it has relatively open admissions and a tuition of no more than $400. Chart 5 relates to differences across the States in educational performance. It shows that in some States the share of high school graduates who enroll in college—either in-State or out-of-State—is two or three times as great as in other States.

Mr. Chairman, I conclude this first section on equity by noting what Howard Bowen, former chancellor of the Claremont Colleges, pointed out recently. He wrote that if lower income young people went to college at the rate that upper income young people do, if blacks went at the rate of whites, and if women went at the rate of men—that is, if equal education opportunity rhetoric in this country became a reality—the total current enrollment of 9 million would be increased by 6 million students.

2. THE CONTINUING FINANCIAL CRISIS IN HIGHER EDUCATION

Inflation and a relative erosion of Federal support have had a significant impact on the capacity of institutions to deliver educational services and to provide greater access to higher education. As they entered the 1970's, colleges and universities experienced a period of severe financial exigency. Most institutions survived the shock, not by increasing revenues, but by cutting costs. But then in 1973 and 1974 the students were hit by tidal waves of inflation, forcing costs up once again.

Small changes in anticipated income or expenditures—such as loss of commuting students who can no longer afford transportation, or sharp increases in the total cost of energy in spite of reductions in consumption—are casting large numbers of schools, both public and private, into financial danger zones. As a specific example, recent staggering increases in costs occurring at institutions of higher education are documented on chart 6. The consequences of such inflation illustrated on chart 7 clearly mean renewed threats to financial solvency, particularly for the private institutions which exist on a very thin margin.

There are other evidences that balanced budgets have been achieved by shifting costs to others or into the future.

AAUP salary survey data show that faculty salaries have begun to decline in real purchasing power. An American Council on Education (ACE) Higher Education Panel Survey found that almost half of all the colleges and universities expect to curtail or defer preventive maintenance in the academic year 1974–75.

What happens to a college seeking to enhance or maintain quality during inflation?

For 10 years, Hiram College, a private institution in northeastern Ohio, sought to do so, as shown on chart 8, only to find that after a decade of effort, its constant dollar expenditures had flattened out.

Historically, the Federal Government has been a force for change in higher education but not, fundamentally, a source of continuing support. In previous decades, Federal funds have constituted a very significant share of total revenues of institutions of higher education, peaking at 22 percent in the late 1940's, with the GI bill educational benefits, and again in the mid-1960's when the Federal Government increased substantially its support of research in the national interest.

Since the mid-1960's, however, the Federal share has eroded—to a low of about 15 percent in the early 1970's—about one-quarter below the earlier shares. In the last year or two for which we have data, it appears that the Federal share is beginning to increase slightly once again, but only slightly, and to a level far below past peaks.

The recent trends in the Federal share of receipts are shown in chart 9. As you can see, the Federal share is higher for the private institutions as a whole than for the public, but it has also declined more precipitously in the private sector. And it is worth remembering, of course, that that part of the Federal share which represents spending for research is heavily concentrated in a small number of large universities.

It may be contended, however, that the Federal share of institutional receipts is not an adequate measure of Federal support for high education, precisely because the continuing decline from 1967 until just recently represents explicit changes in Federal policy, shifting in the administration's own terminology from institutional aid to student aid.

Dollar amounts of need-based student grants, thanks to you and your colleagues, Mr. Chairman, have increased substantially over the last decade, as shown in chart 10; rising from $116 million in 1966 to $546 million last year. But, over that period, the increase in student grants through appropriations was actually less than the net decrease in federally sponsored research at colleges and universities.

Further, student grants have been spread across a larger and larger number of students as eligibility for the aid has broadened. Thus, the per student awards in current dollars have not grown substantially in spite of sharp increases in costs to students of going to school.

If we take inflation into account, and calculate the purchasing power of student grants in constant dollars, the real value of per student awards peaked around 1969—the same year education participation rates peaked—and then started to go down in value, even adding in the new BOG awards (chart 11). The additional funds have been provided by students and their families from savings or going into greater debt, and by the institutions themselves out of general funds.

3. THE ROLE OF HIGHER EDUCATION IN THE ECONOMY

Higher education is a substantial industry in the United States. In 1974, it is close to a $40 billion enterprise employing approximately 1.5 million people, and involving over 9 million students. In some cities, and even States, colleges and universities are among the largest employers; therefore, changes in the fortunes of higher educational institutions will have immediate and pervasive impacts on the local economic life.

Precisely because of the important role it plays in the Nation's economy, higher education is a potentially important resource in the national effort to combat recession and inflation. For example, unemployment rates have just risen past 6 percent while inflation continues unabated, and proposed anti-inflationary measures assume the prospect of still higher unemployment rates.

As chart 12 indicates, unemployment rates for young people, 18 to 24, are already twice as high as the overall rate and for black young people the rates are almost four times as high.

Investing Federal dollars in student aid for these young people, rather than in unemployment compensation, would seem to promise a far greater ultimate return to society by making is possible for them to improve their future productive capacities through continued education.

Some portion of unemployment reflects not a slack demand for workers but mismatches between the needs of employers and the capabilities of people seeking jobs. Higher education, including the 2-year institutions with their vocational training and retraining capacities, can play an important role in bringing about these job matches and reducing the rate of structural unemployment.

Short-term considerations pale in light of the broader, longer-range contributions that education can make to civic aspirations, regional and national development, employment and productivity. Analysts of economic growth attribute substantial portions of the gain not accounted for by increases in capital or in numbers of workers to increases in the substantial level of the workers. And, certainly, higher education is an indispensable resource in meeting our new national concerns about maintaining environmental quality and achieving energy independence.

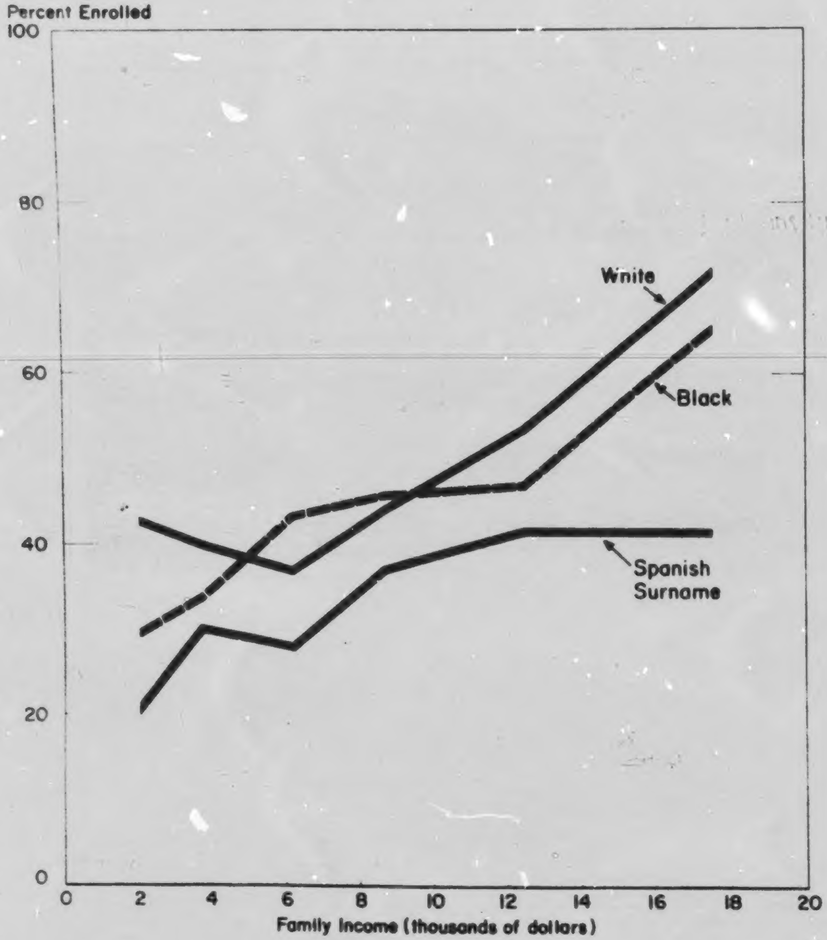
In summary, Mr. Chairman, I would conclude that the relative erosion of Federal support for higher education in recent years should be reversed, both as a short-run economic expedient and as a long-run national commitment to expand opportunities for higher education as an essential element of a sound and problem-solving society.

[The charts referred to follow:]

Chart 1

EDUCATION PARTICIPATION RATES BY INCOME LEVEL, RACE AND SPANISH ORIGIN*

October 1972. (Excluding High School Dropouts)



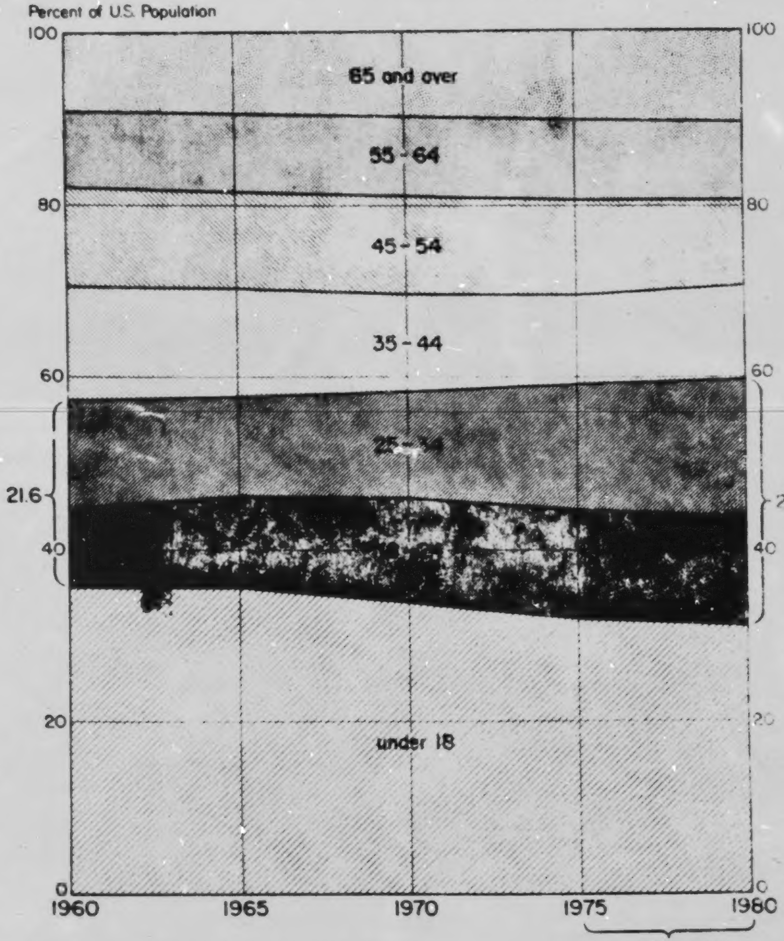
*All primary family members 18 to 24 years old minus the number of high school dropouts and those enrolled below college level

Sources: U.S. Bureau of the Census, A.C.E. / P.A.S.

Chart 2

POPULATION TRENDS IN UNITED STATES:

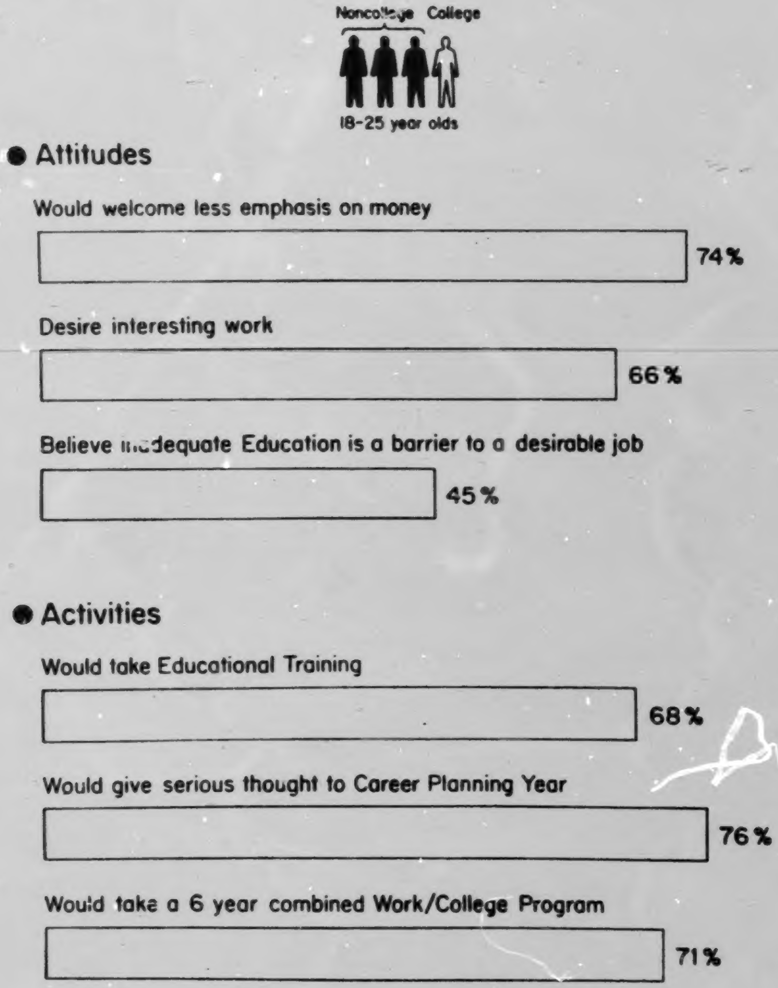
Selected Age Groups, 1960-1980



Source: U.S. Bureau of the Census, ACE/PAS

Chart 3

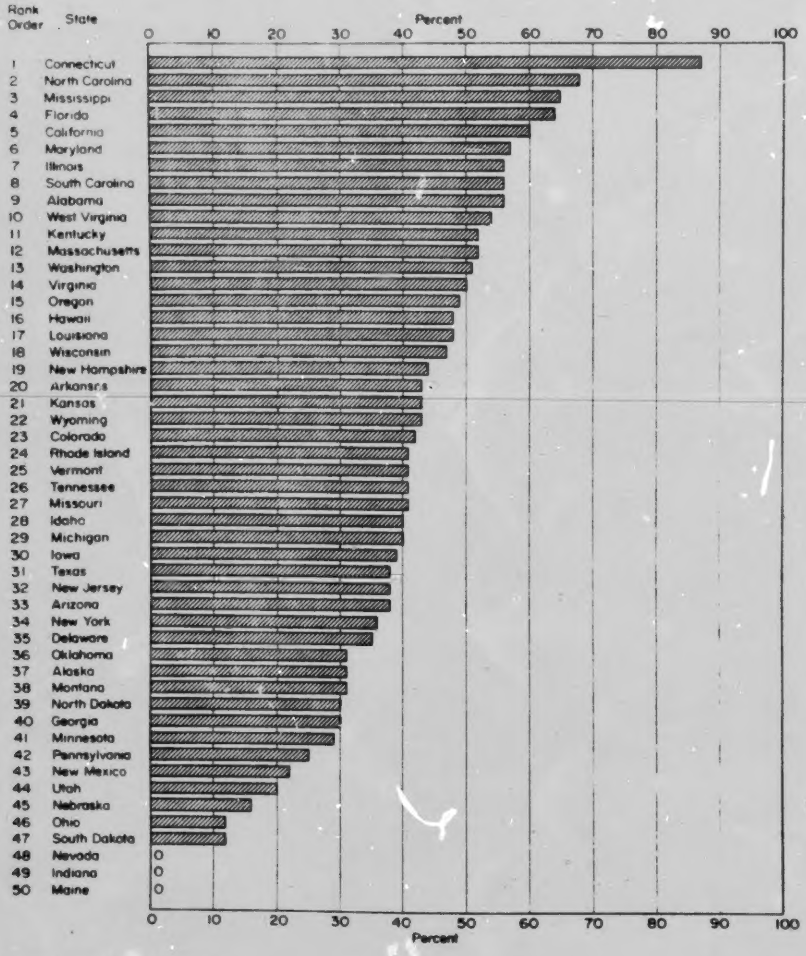
ATTITUDES OF NONCOLLEGE YOUTH TOWARD WORK AND EDUCATION 1973



Source Daniel Yankelovich

Chart 4

PERCENT OF STATE POPULATIONS WITHIN COMMUTING DISTANCE OF A FREE-ACCESS COLLEGE

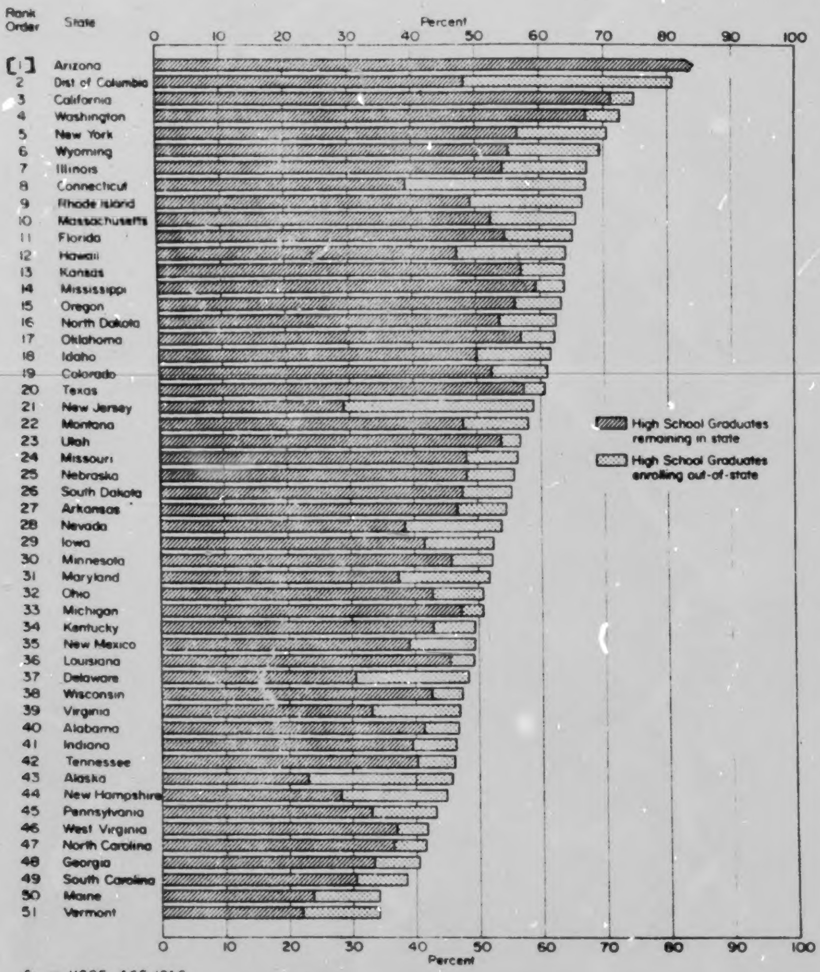


Source Warren W Willingham, CEEB

Chart 5

PERCENT OF HIGH SCHOOL GRADUATES ENROLLING AS FIRST-TIME UNDERGRADUATES

Fall 1968, By State



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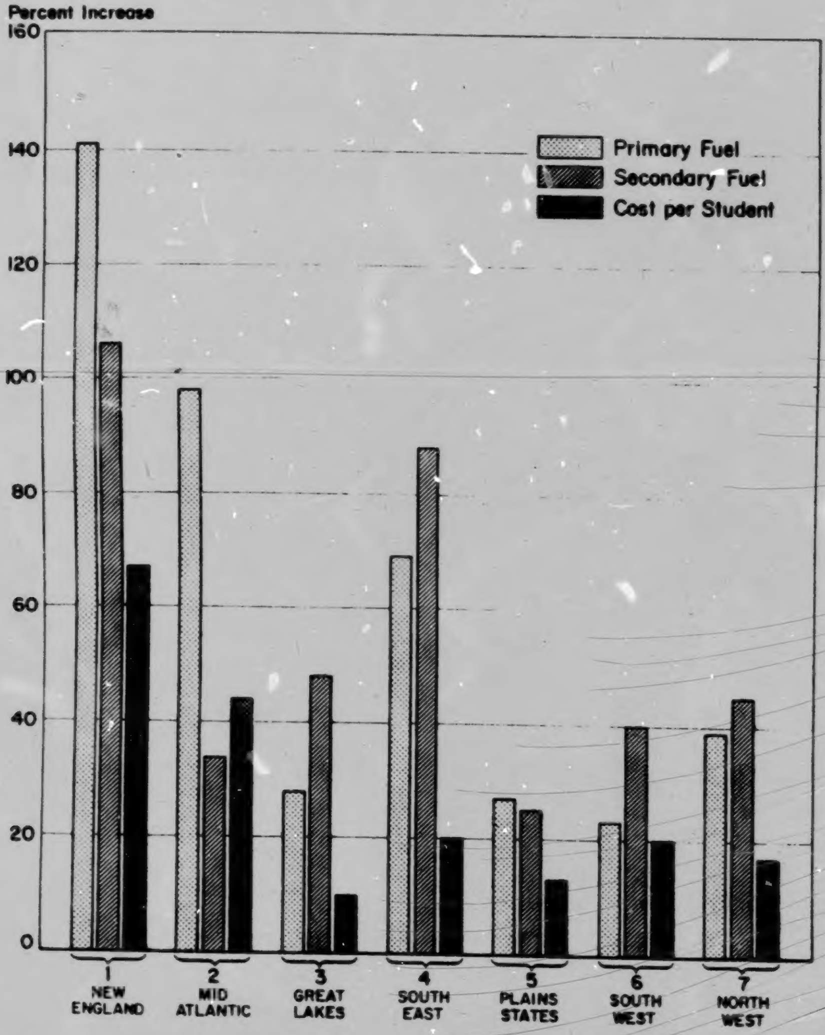
COST INCREASES IN FUEL, BY REGION
1972-73 to 1973-74

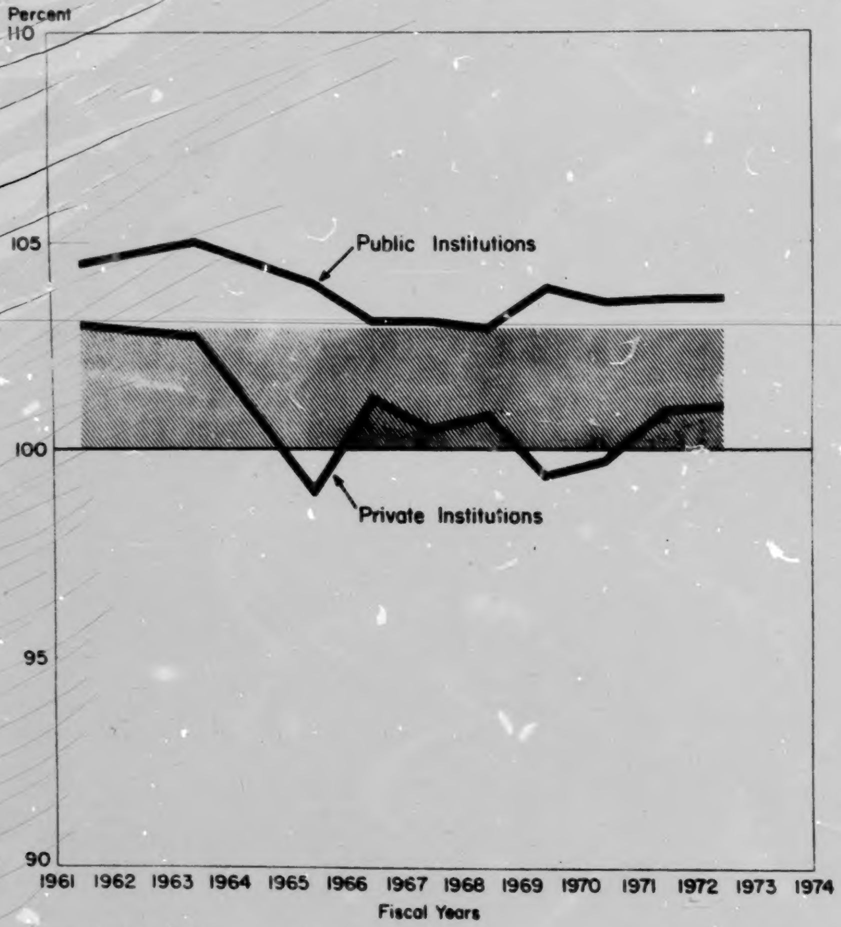


Source: Verner, Liipfert, Bernhard and McPherson

Chart 7

CURRENT FUNDS REVENUES AS A PERCENT OF EXPENDITURES OF INSTITUTIONS OF HIGHER EDUCATION

By Control of Institution: Aggregate United States



Sources USOE, NCES

Chart 8

TEN YEAR COMPARISON OF ENROLLMENT AND EDUCATIONAL AND GENERAL BUDGET OF HIRAM COLLEGE, 1964-1974

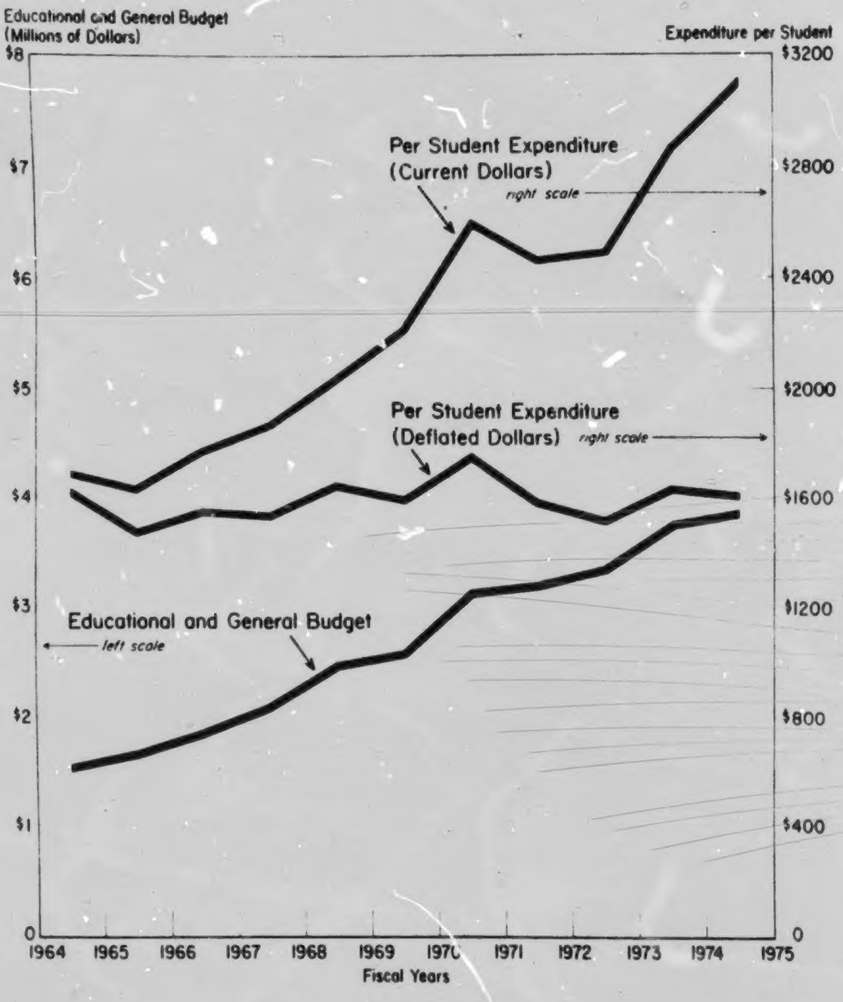
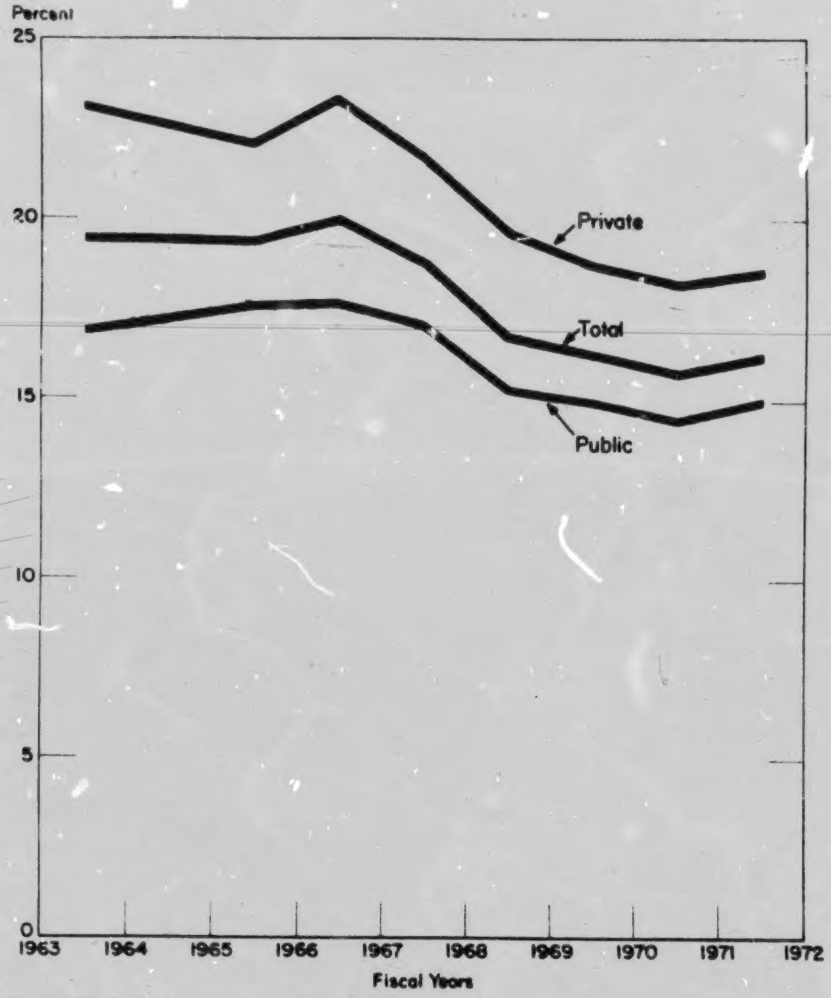


Chart 9

THE FEDERAL SHARE OF RECEIPTS OF INSTITUTIONS OF HIGHER EDUCATION

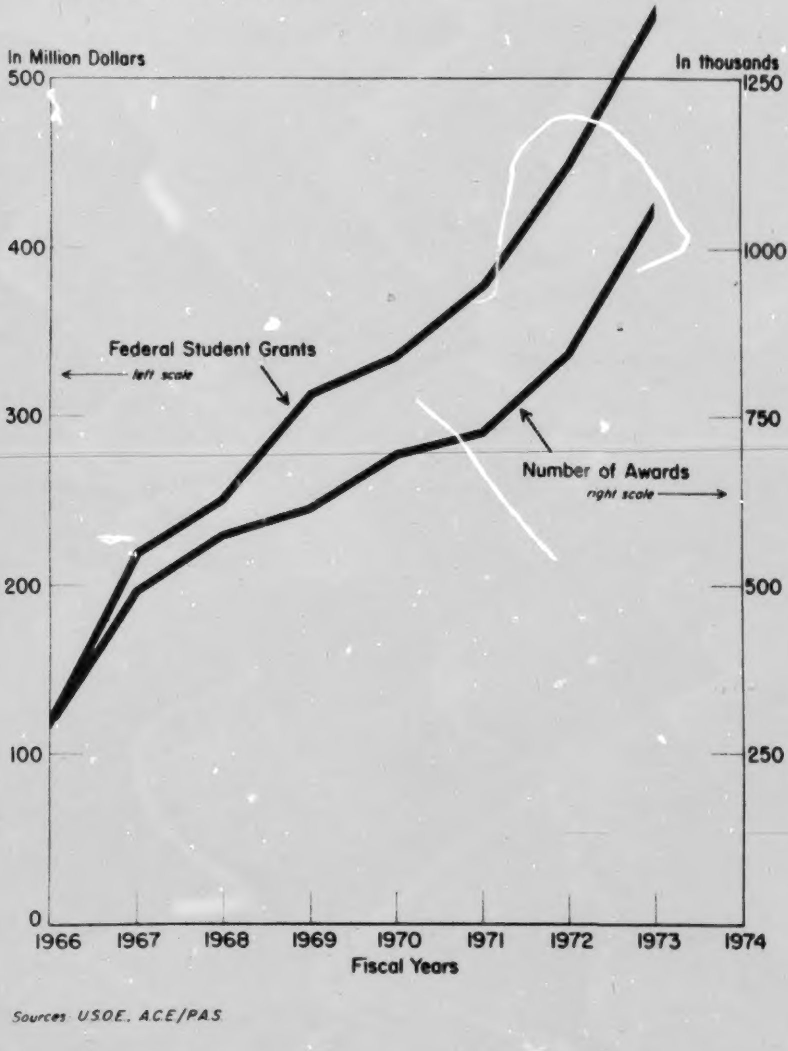
By Control of Institutions



Source: U.S.O.E., N.C.E.S.

Chart 10

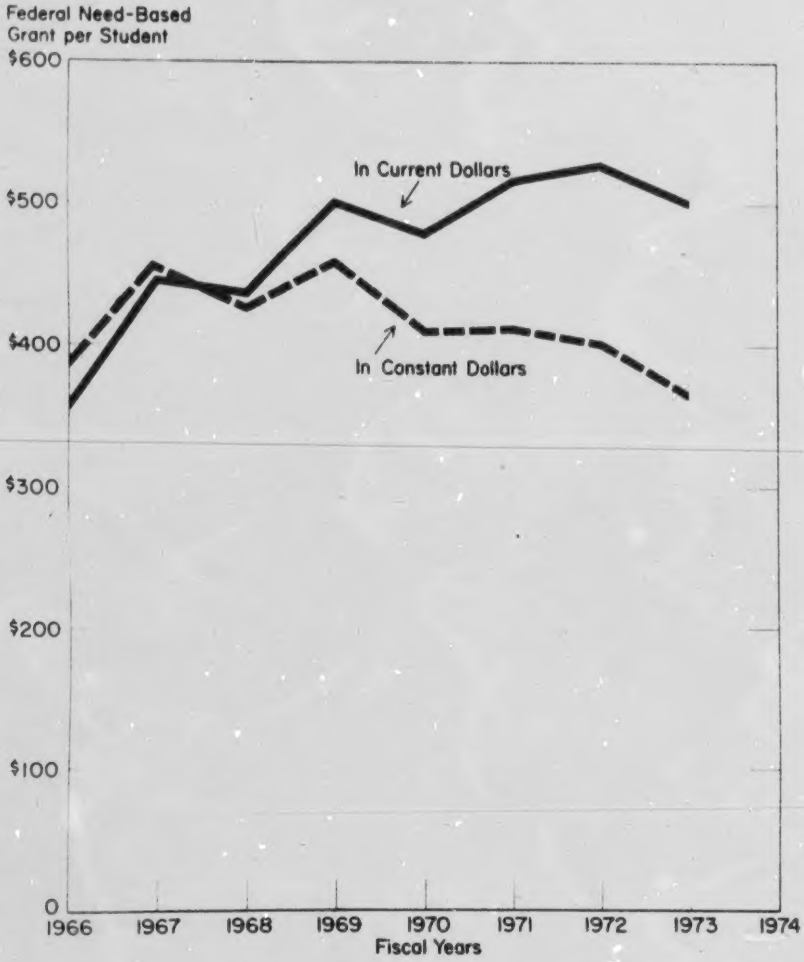
TRENDS IN FEDERAL NEED-BASED STUDENT GRANTS



Sources: USOE, ACE/PAS

Chart 11

TRENDS IN FEDERAL NEED-BASED STUDENT GRANTS

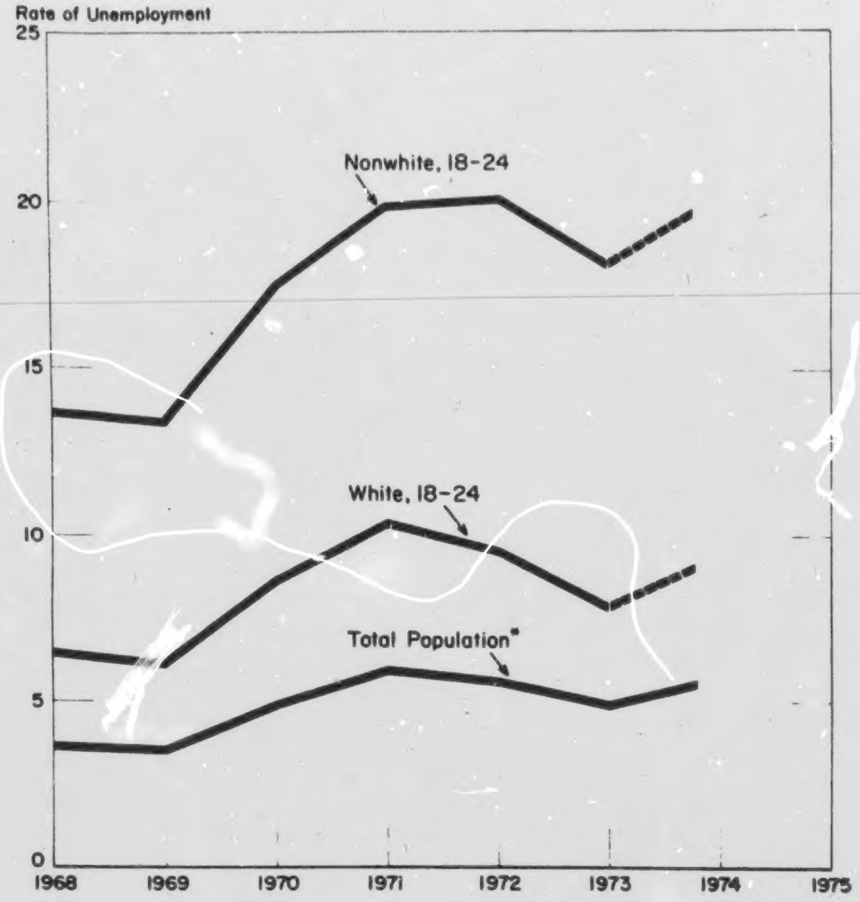


Sources: U.S.O.E., A.C.E./P.A.S.

Chart 12

UNEMPLOYMENT COMPENSATION OR STUDENT AID ?

Unemployment Rates of Young People, By Race As Compared With Overall Rates



*Persons 16 years of age or older who were unemployed

Source: U.S. Dept. of Labor

Mr. BAILEY. I now turn to my colleagues for some more specific insights into the problems and prospects of their institutions. And I ask president J. Harry Smith of Essex County College, New Jersey, to start off with his comments.

And, Mr. Chairman, we will be glad to be interrupted to answer questions, or continue with the testimony. We will follow your instructions.

Senator PELL. I think it would be best if you made your presentation, and then we will ask you the questions.

So, if you would proceed.

STATEMENT OF J. HARRY SMITH, PRESIDENT, ESSEX COUNTY COLLEGE, NEWARK, N.J.

Mr. SMITH. Mr. Chairman and members of the subcommittee, I am pleased to join this panel to discuss the impact of inflation on colleges and universities.

Inflation affects colleges in hundreds of different ways. Specific impacts vary from college to college.

One safe generalization can be made: the impact is, on the whole, adverse.

I am here to represent and discuss the problems of the 2-year colleges. Although I am president of a public college, as spokesman for the American Association of Community and Junior Colleges, I also speak with the private 2-year colleges in mind.

Indeed, inflation hits the private sector harder than the public sector, and if this is true about 4-year colleges and universities, it is even more the case for the private 2-year colleges.[1]

The increased costs of doing business—paying faculty and staff, construction and maintenance, fuel and other utilities, instructional and office supplies and equipment, food, and almost everything else—have put these colleges in a particularly difficult situation. On the whole they lack generous endowments and are almost completely dependent on tuition income for their operating costs. However, tuition is not elastic; there is a limit beyond which tuition cannot be increased if students are to be found both willing and able to pay the tuition and enroll in the college. The word "difficult" does not adequately describe the situation that many colleges have faced; since 1970, 38 private 2-year colleges have closed.

As a result of this trend, prospective students find that their choice of type of institution is diminishing, both from the reduced number of private institutions available, and because those which remain are forced to increase their costs to the point where there may be limited meaningful "access" to these institutions.

This is a most regrettable situation. True, some of the schools which have closed lacked viability and thus the ability to contribute much to the community, students, or their own survival. However, included in the private college obituary list are many fine institutions. We are all losers.

Inflation has also hit the public 2-year colleges, but not quite with the effects of the tornado described above. The public institutions are in no danger of a mass wipeout, but they are facing difficult financial problems and trying to work out methods to cope with these problems, hopefully, without reducing educational quality.

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[1] NOTE.—The National Council of Independent Junior Colleges is polling its members and will provide specific information to the subcommittee in a few weeks.

To begin with, on whole these publicly supported colleges find that their revenues are not increasing, or are increasing at a very modest rate.

Community college funding patterns vary. They include full State funding based on annual or biennial appropriations, partial State support based usually on a set amount per full time equivalent student combined with local support, and total local support. California's community colleges charge no tuition; the city of Chicago until recently was tuition-free. The city of New York's coummunity colleges remain tuition-free. In all other instances, some tuition is charged, with tuition income ranging between 14 percent and 30 percent of the total budget.

The following vignettes from some individual States and colleges will suggest the current revenue picture.

REPORTS ON INDIVIDUAL SITUATIONS

State of Washington.—The State did receive $21 million extra for the 1973–75 biennium. However, salary increases, some special programs, and additional students have absorbed the entire increase, leaving a projected $5 million deficit.

In 1969 it cost $926 to support a full-time equivalent student; providing the same level of services in 1974–75 would be $1,233. However, support remains at somewhat above $900 per full-time equivalent student. In the meantime 45 percent of the students pursue a more costly vocational program, as opposed to 31 percent in 1969.

The State system submitted a request for $26.8 million in supplemental operating funds in an effort to keep afloat—from this request only $5.5 million was allowed.

New Jersey.—New Jersey's problem with inflation is compounded by a failure to find new revenue sources to meet the rising costs. State support might decrease rather than merely not increase. Normally the counties have paid about 25 percent of community college budgets—declining State support has forced an increase in the county support ratio to above 40 percent.

There has been about a 10-percent growth in cost per student, but it appears likely that total State support will not increase to meet this, nor rise with an increasing number of students. Serious consideration is being given for the first time to limited enrollment so that the State share per student can remain at $600; if this is not done the State share per student might be decreased, despite the fact that for the past 2 years community colleges have been trying to get the State share to increase over the $600 level.

At the same time county financial resources are not increasing to meet the gap left by a decreasing portion of State support. One county cut $1 million from its community college budget, while four other counties have warned that they may reduce their colleges' budgets, and similar pressures are seen in other counties.

Virginia.—A nearby community college faces a half-million-dollar deficit because inflation increased at a rate greater than was projected in the college's budget request.

Maryland.—A local community college reports an interesting twist on the inflationary squeeze. The college has a greater enrollment, but fewer are attending full time, perhaps not being able to afford full course-load tuition. In any case, though the number of students has increased, the credit-hours generated have not increased, with the effect of stabilizing the college's income from the State.

California.—California's colleges, too, were caught short. A 5 percent increase was projected, whereas in the 1973–74 year a 7 percent increase actually occurred; and of course that rate is going up. The State's community college funds are based on a set amount per student—average daily attendance—and thus improvements require changes in the law. Last year under the first year of a new budget system, the State's community colleges were granted an additional $88 per average daily attendance, expecting to split the increase evenly between price increases and program improvements. As it turned out, price increases absorbed $69 of the $88, leaving only $19 for program improvements. Currently California's colleges receive $108 per ADA in a combination of State and local funds.

Florida.—Florida reports that income per student in terms of real dollars is $48 less today than it was 4 years ago.

These samples should give a picture of what inflation has done recently to the revenue side of the community college ledger.

Having reviewed the revenue side of the college ledger, let us take a look at the expenditure side. We do not have complete figures from any one college, or from all colleges. What we do have is a series of vignettes which give a picture of the larger situation.

Delta College in Michigan has supplied us with a list comparing prices on certain items 3 years ago, and today.

[The information referred to follows:]

OFFICE MEMORANDUM

(Delta College - Michigan)

TO: President Carlyon
DATE: September 11, 1974
FROM: Sonny Micho
RE: - Price Comparison -

The following are some comparison prices as per your request. Prices given are from the fiscal year 1971-72, and the present 1974 prices.

	Old Price	Present Price	% Increase
AUDIO VISUAL			
Bell & Howell - 16mm projector	$ 568.00	$ 720.00	26.8 %
Casette Tape Recorder	129.00	139.95	8.5
Kodak Carousal Projector, with film strip attachment	130.78	187.45	43.3
OFFICE EQUIPMENT			
Spirit Duplicator, Electric	374.50	419.50	12.0
File Cabinet, Lateral, two-drawer, 42"	70.04	120.97	72.7
File Cabinet, Conventional two-drawer	40.29	65.88	63.5
File, Conventional four-drawer	67.70	95.32	40.8
Desk, Secretarial	153.36	288.87	88.4
PAPER PRODUCTS			
8½x11" - 20# white bond	2.28M	3.40M	49.1
8½x11" - 20# white xerographic	2.28M	3.50M	53.5
8½x11" - 20# white duplicator	2.28M	3.50M	53.5
8½x11" - 20# color bond	2.42M	3.75M	55.0
8½x11" - 60# white Maxopaque	3.94M	6.00M	52.3
24# white envelopes - No. 10	4.16M	6.03M	45.0
24# white envelopes - No. 6 3/4	2.86M	2.93M	2.5
DAIRY PRODUCTS			
Milk - ½ pint, white	.061	.0817	33.9
Milk - ½ pint, chocolate	.066	.0869	31.7

If there is anything further you may feel would be helpful, please contact me.

AM/ab

Mr. SMITH. Paper products have become much more costly. Colleges, of course, use a lot of paper. Not as much as the U.S. Government, but still, a lot of paper. Reports of price increases vary: while the State of Florida reports an overall 36 percent increase, C. S. Mott Community College in Michigan calculates the increase at 143 percent.

There is no particular uniformity in reported price increases for any item one might consider, which makes generalizations very difficult. For example, colleges report widely varying increases in the cost of electricity—14 percent, 16 percent, 30 percent; the highest increase reported to us was 64 percent.

Similarly, fuel cost increases have had varying impact. New Jersey community colleges thus far have benefited from the State's procurement system, and have not been forced to pay for this item. On the other hand, Northern Virginia Community College has experienced a 120-percent increase in oil costs. Florida reports a 32.6-percent increase in gas and oil, while Wayne County Community College in Michigan has experienced an 81-percent increase in fuel oil and an 18 percent increase in gas. The college spent $12,410 more for these items in 1973–74 than the year before.

Colleges are labor-intensive enterprises; upwards of 75 percent of a college budget goes for labor costs. Thus the greatest impact of price changes will come from the price of labor.

This is not looking at the situation from labor's side. The AAUP has well-documented figures to show that academic wage increases have not kept up with the cost of living.

Two overriding conditions are combining to increase the relative price of labor irrespective of wage and salary increases. First, in a tight job market those who have jobs keep them; with less turnover the portion of employees at the lower end of the salary scale is reduced. Second, to the extent that colleges experience a decline in the rate of enrollment increase, a leveling off of enrollment, or an actual decrease, the college is deprived of the economies scale which comes from an increasing enrollment. True in all areas, this consideration is especially strong in the area of labor costs. When enrollment is increasing, new faculty is hired, usually at the lower end of the salary scale, which in effect reduces the unit cost of labor.

The first factor affects all colleges; the second factor is dependent on the enrollment-increase situation. Community college enrollments are still increasing at a greater rate than any other type of college. However, many community colleges are finding that the rate of increase is slowing down; this circumstance denies them the flexibility, in labor costs and in other areas, which helped them maintain educational quality at a relatively minimal cost per student. Now the cushion is gone or is going. Careful thought and careful planning will be needed.

Labor costs have been going up because of salary and benefits increases. It is necessary and just that employees receive higher salaries in a time of increasing costs, and salary increases are a part of almost every college's annual budget.

Collective-bargaining agreements have been established in the community colleges in a number of States. These agreements usually have cost-of-living clauses. Additionally, the agreements may involve benefits increases which have to be budgeted.

I would like to digress from the statement and mention the impact that all of this will have on affirmative action. We are talking of a lack of turnover, we are talking of tight budget and are constantly faced with the need of hiring minorities and other people in order to be in conformity with affirmative action. This makes it all the more difficult.

Michigan is one of the States in which collective bargaining is solidly established in the community college sector. Overall, 1974–75 contract settlements have involved 6 or 7 percent salary increases, with benefits increases of about 10 to 15 percent. Recent agreements have required increases in medical and life insurance. In individual cases, salaries were increased by greater than average amounts. For example, Southwestern Michigan College reports an increase of 11.1 percent in wage payment and Kellogg Community College reports a 10-percent labor cost increase factor, compared with 5 percent in previous years. C. S. Mott Community College reports a 26-percent increase in Blue Cross Insurance, and a 50-percent increase in liability and workmen's compensation costs.

Another factor to bear in mind is that under collective-bargaining agreements and tenure policies, or lacking those, in good conscience, it is very difficult to lay off the staff, even though the economic situation might warrant it. An option which is open is that of refraining from hiring additional staff or replacement staff; however, many administrators I have talked to find the concept of laying off staff simply laughable.

To conclude these remarks I will take some time to report what the colleges say they are doing or will do to cope with the situation—and some comments which indicate a question of whether it is possible to cope.

One quote is: "Higher costs may force us into increased tuition costs and increased rents for student housing." Bay de Noc Community College, Mich.—

Another is: "I think we are at the breaking point. Belts have been tightened a notch each of the last 5 years. Building and equipment maintenance has been deferred about as long as possible. Faculty and support staff are beginning to feel the 'productivity' pressure. The raise in the cost of living for them is the final straw. Operating cost increases for colleges will force tuition increases."—Michigan Community College Association.

Another: "The difference of 9.8 percent (between costs and revenues) has to be made up through reduction in the services that the college offers to students—an example—could be:

"1. Complete elimination of any professional growth or development for the employees of the college.

"2. Reduce, if not eliminate, supplies for classrooms and administration.

"3. Increase the class size to the point (where) it will make the educational process a difficult one.

"4. Lower the standard of hiring and the quality required."—Wayne County Community College, Mich.

Another: "As a result of these inflated costs and approximately the same amount of income from State aid, local taxes, and tuition, we are being forced to reduce our instructional program to offset the inflated costs."—Kellogg Community College, Mich.

Dean C. W. Shuler of Northern Virginia Community College has clearly summarized the steps his college will take. A portion of the letter is quoted here:

"The affect of these inflationary costs has resulted in the following actions having to be taken at the Northern Virginia Community College.

"A. Defer the purchase of equipment and library books.

"B. Data processing requirements are being reduced. Unnecessary copies of data processing reports have been eliminated.

"C. Travel is being reduced to essential minimum. Travel to seminars, workshops, and conventions will be approved only when absolutely necessary and normally limited to one college representative. Travel to the same destination by more than one person will be possible by utilizing one vehicle.

"D. Telephone usage is being monitored closely. Long-distance telephone calls will be centrally controlled. Requests for additional telephone instruments are being closely scrutinized and the usage of currently installed equipment is being reevaluated.

"E. Fuel oil conservation efforts will be emphasized for the winter months. Thermostats are being further lowered in all buildings.

"F. Electric conservation will be further stressed. Additional ceiling light bulbs in hallways will be removed. A directive has been required that all room lights and office lights will be turned off when not in use. For the summer months air-conditioning thermostats will be raised to 75 degrees.

"The effects on the college's programs, due to the above reduction, will have their primary impact on the lack of ready availability of planned new equipment and desired levels of supplies for instructional programs and support activities.

"Such instructional programs will be forced to defer acquisition of the newer types of the desired instructional equipment and will have to substitute other instructional techniques which are less effective.

"Deferment of the purchase of replacement and new instruction and support equipment will require extended use of existing equipment at additional maintenance costs. The deferral of the purchase of replacement and new equipment will, of course, have its impact on future budgets in that additional funds will be required.

"Shortages of instructional and noninstructional supplies could occur, creating difficulties for instructors and support activities.

"These factors, along with the decreased revenues at the State level, can result in future budgets being much more stringent from the State level, thus further decreasing the operational capability of the educational institutions. This is becoming a very serious matter.

"Urgent action is indicated."

Mr. Chairman and members of the subcommittee, I hope you have found these remarks useful. Since I understand that these hearings are for informational purposes I will not at the present time attempt to suggest what the Federal Government can do about the situation. We will save specific recommendations for later hearings on the implementation and renewal of the Higher Education Act.

Senator PELL. I would add here that because of a prior commitment Senator Williams could not be here to welcome you, President Smith. He has worked so closely with you in the past.

Mr. SMITH. Thank you, sir.

Mr. BAILEY. Mr. Chairman, I would like next to introduce President Richard R. Bond of the University of Northern Colorado.

STATEMENT OF RICHARD R. BOND, PRESIDENT, UNIVERSITY OF NORTHERN COLORADO

Mr. BOND. Thank you, Mr. Chairman and Senator Dominick.

Senator, I thank you for your comments. Let me say publicly here, although it was not verified at the polls, I want to express appreciation to Senator Dominick on behalf of the State of Colorado and this country for his outstanding service here.

Senator DOMINICK. Thank you.

Mr. BOND. I am representing not only the University of Northern Colorado, but also the American Association of State Colleges and Universities.

The association includes more than 300 public colleges and universities across the country, ranging in size from several hundred to more than 20,000. These colleges and universities enroll some quarter of the students in higher education across the country, and almost half of those preparing to teach.

The University of Northern Colorado, or UNC, from whose experience I largely speak today, is located about 50 miles north of Denver, enrolls 11,000 students, is comprehensive at the undergraduate level, and has offered graduate programs through the doctorate since the late 1920's. Our graduate programs focus primarily, though not exclusively, upon the preparation of professional educational personnel and teachers, whether that teacher is at the primary level or a college professor in one of the liberal arts.

Enrollment has not been a problem at my institution. It, along with the other two universities in Colorado, is capped, a policy largely designed at the State level to divert students to other more rural institutions which during the last 2 years suffered declines. The policy did not work well last year, for the other institutions continued to be underenrolled. Part of the slack was taken up by other uncapped urban institutions, while we struggled to keep our enrollment down to the prescribed level. This year, virtually all institutions in Colorado experienced enrollments beyond their expectations, including the three capped institutions. It must be remembered, however, that Colorado is still rapidly increasing in population.

I suspect that this was due to economic conditions, for attrition was subnormal and a greater than expected proportion of our admitted freshmen entered. This may have been an ephemeral phenomenon and localized.

Final enrollment data for AASCU institutions have not been assembled, but 43 percent expected an increase this fall, 27 percent expected a decrease, and 40 percent expected no change. From a national point of view, one can probably only say that localized situations still tend to predominate.

It is generally expected that enrollments on the whole will continue to increase during the seventies, with enrollments of 18–22-year-olds declining during the eighties. The challenge will be to provide educational opportunities to the extent that both facilities and staff will be underutilized during the eighties.

Part of the solution will be to expand opportunities for those not currently well served by higher education—the poor, minorities, women, and adults. There is the additional advantage that this population pool does not show a declining trend in the eighties as does the projected 18–22-year-old population. They constitute a significant national human resource and potential.

The Congress can be proud of its start in recognizing this problem and making improvements each year. At the University of Northern Colorado, for example, new basic educational opportunity grants provided 190 awards averaging $250 in 1973–74. In 1974–75 there were 448 awards averaging $660. That is good. At the same time, however, there were reductions on other programs.

The supplemental educational opportunity grants dropped from 299 grants averaging $679 to 164 grants averaging $682; Federal work study dropped from 355 grants averaging $391 to 218 grants averaging $496. There was also a slight reduction in national direct student loans from 1,497 averaging $796 to 1,344 averaging $872. The job that remains to be done is demonstrated by comparing our approved requests of $1,869,170—examined and validated as actual needs by Federal offices both at the regional and national levels—with funds received totaling only $731,841.

In other words, to provide access to higher education according to established needs of our students would have required funds 2.5 times those which were provided. I hope that this committee will recommend appropriations sufficient to meet the needs of persons who want to go to school, have the ability, but are denied or hindered by finances.

The needs expressed are compounded by increasing costs. The average need of our students—based upon Federal guidelines—in 1973–74 was approximately $1,300; in 1974–75, it is approximately $1,600; it is expected that this figure next year will exceed $2,000. These increased costs include increased tuition, room and board costs but also, on the bright side, evidence that we are reaching more lower income students.

I have been informed that you would like to know some of our concerns. I will mention some, but they must not obscure either the progress which the Congress has already made in recognizing this national problem or the fact that a great number of the problems which existed early on in forms, formula, et cetera, have been recognized and corrected by the agencies. But there are several concerns I would like to mention with regard to financial aid.

1. There has been a reduction in overhead funds for the administration of financial aids at the same time that administrative costs at the local level have increased. These costs have been absorbed by the institutions already hard pressed by inflation, other increased costs, and lagging income.

2. Increased costs of higher education are impacting heavily upon middle-income families, who are either excluded by Federal guidelines, or by the unavailability of Federal funds.

Senator Dominick. Dr. Bond, excuse me, but would you give a definition of what you consider a middle-income family to be?

Mr. Bond. I would say anywhere between $12,000 to $20,000.

Senator Dominick. Thank you.

Mr. BOND. Third, one of the trends in higher education is adult education and continuing off-campus education. Yet for this portion of the population there is a significant gap in eligibility for Federal funds. Financial aids need to be more available to these persons.

Fourth, the guaranteed loan program has not been as effective as it might have been. There is little coordination of this program with oncampus programs and lending institutions have been notably reluctant to make the guaranteed loans.

Fifth, the increased reliance upon loans places an incredible financial burden upon students—particularly low-income students—after graduation. I am surprised that more do not declare bankruptcy immediately.

Sixth, each federally aided student, particularly those at the lower end of the income scale, impacts upon the institution in a myriad of ways. Section 419 of the Education Amendments of 1972 attempted to recognize this impact through funds to colleges based largely upon enrollments of federally aided students. It has never been funded. All of us in higher education appreciate the public support which Senator Pell and Senator Javits from this committee gave to the cost-of-education concept and know that there are other members of the committee who are interested. We would encourage you again to lend your support and leadership to this amendment.

AASCU institutions serve middle and lower income students. Median tuitions have continued to rise—some 36 percent since 1970–71. Last year, board and room charges rose 6 percent and you know what will have to happen again this year.

While AASCU institutions are waging a campaign to hold down tuition, rising costs are pressing against State resources and State deficits are expected next year after 2 affluent years. Rising tuition and other costs are really hurting many students.

We believe that cost-of-education is the only Federal program which can provide any general help to colleges in meeting rising operating costs and helping hold down tuition. Other Federal aid money is either in the form of student aid or narrow categorical programs. We earnestly solicit your help again and urge you to safeguard such help so it is not used as a substitute for State basic support.

Internally, rising costs are having an impact upon the quality of education. Inflation in specialized areas is extremely severe. Some supplies, for example, have risen 30 to 50 percent; utility increases are staggering. Library books have risen 18 percent. Salaries, to even moderately keep pace with inflation, have added additional—and the major—strains. We have had to sharply ration supplies in the classroom. We and some other institutions in Colorado have had to curtail or eliminate laboratory experiments.

States vary in their ability to help. Colorado provides an excellent example. It ranks sixth nationally in the proportion of tax funds for higher education, yet it ranks 40th in per student support.

The budget of the institution where I am now is but two-thirds that of a similar public institution which I left in Illinois. Federal assistance is necessary to reduce these discrepancies. Inflation added to an extremely inadequate funding base has a considerable impact upon a national resource, for our institutions should be so considered.

At UNC, some 23 percent of our students are from out of State, many of them graduate students at an institution which has distinguished itself nationally. For example, we have the largest doctoral program in special education west of the Mississippi, and in certain specialties, are the only resource at that level for several States. For such a resource not limited by State boundaries to be severely crippled is a national problem.

Current costs plus increasing dependence upon tuition is making higher education increasingly parochial. The international experience of our own students and the presence of international students on our campuses help to correct that situation.

However, the lack of funding of the International Education Act has discouraged those of us concerned about international parochialism. I need to stress today, however, that a similar domestic problem is beginning to emerge. While there are many out-of-State students in Colorado, that number is decreasing rapidly. There are some public institutions which are almost entirely in-State. There needs to be more movement of students across State lines, but high out-of-State tuition is a creeping barrier to such movement. I believe the problem can be resolved only at the Federal level.

The strain of rising costs pressing against finite resources, as I have stated, has a negative impact upon the quality of existing programs. It has a disastrous impact upon innovation and forward movement. Higher education must change to meet the eighties and nineties.

External degrees, universities without walls, changes in general education, interinstitutional and interdisciplinary programs, new delivery systems for women, veterans, and employed adults are either not being done or are done at the expense of already overloaded faculties. A step was made recently in the development of the Fund for the Improvement of Post Secondary Education but it is important that there be additional funds to stimulate institutional creativity.

We have found—and UNC is known for its willingness to take risks in nontraditional education—that there are plenty of ideas; yet creative people are so tied up in maintaining the quality of threatened existing programs that they cannot break free for experimentation for the eighties. They need encouragement to do so.

Finally, in my allotted time, I will choose only to mention another pressure upon static or dwindling local resources. There is a significant impact of certain Federal programs or demands upon beleaguered campuses. For example, affirmative action (including title IX) is a goal to which we are committed. Yet the demands for reports, studies, extraordinary recruiting efforts, the necessity for legal self-protection, and the slowdown of decisions are creating bureaucracies at all levels and placing a heavy extra burden upon campuses.

While I suspect that guidelines and proposed guidelines may exceed congressional intent, they are with us and add many nonproductive costs. The cost at our institution is approximately $30,000 per year—exclusive of legal or investigative costs. That is a low figure compared with some institutions. It is strongly recommended that there be an administrative and implementation payment provided to the institutions to implement these and similar Federal programs.

While today has been an opportunity to express some concerns about higher education and possible solutions, I would hate to terminate on a negative note. Higher education, in spite of its problems, is basically healthy. It is serving more and better students, from a wider variety of backgrounds and interests than ever before. Both the Congress and several of the States have tried to address some of its problems.

There is evidence of faith, resiliency, and creativity within the academy. That the seventies are not the golden era of the sixties is a fact that is slowly being accepted and with it the realization that the last of the seventies and the eighties can be productive, though different.

Thank you.

Mr. BAILEY. Mr. Chairman, I am very pleased to present at this time President Dale R. Corson of Cornell University.

Senator JAVITS. Mr. Chairman, if I may have just a minute. I would like simply to tell both the very distinguished New Yorkers who are here, the president of Cornell, Mr. Corson, and the chancellor of our City University of New York, Dr. Kibbee, that if I am not here throughout the hearing, it is only because I have two urgent meetings of the Budget Committee and the Foreign Relations Committee. However, I will monitor their testimony completely through the record.

I commend these two very distinguished educators and leaders in education to the committee most highly.

Thank you.

Senator PELL. Thank you.

STATEMENT OF DALE R. CORSON, PRESIDENT, CORNELL UNIVERSSITY, ITHACA, N.Y.

Mr. CORSON. Senator Pell, Senator Dominick, and Senator Javits, in appearing before this subcommittee today, I can speak with complete assurance only about Cornell University but many of my comments, particularly concerning graduate education, will reflect the problems of other major universities, both public and private, where most of the graduate study in this country is concentrated.

You have already heard much about the acute financial problems facing higher education, and I will not dwell on these except to note for the record some of the special circumstances of my own institution. Our current cost for fuel is 2½ times what it was a year ago. During the year our average unit cost for coal has increased 68 percent, gas has increased 32 percent, and electricity has increased 50 percent. We have had fivefold increase in the fuel adjustment component in our electric bill.

General purpose expenditures for maintaining the university's present program are projected to increase in 1975–76 by another 12.5 percent, or a gross total increase of $8 million.

The rate of inflation in higher education has historically been substantially greater than the national inflationary trend. Princeton's president, William Bowen, an economist, has developed figures showing that the average increase in cost per student per year has been more than 5 percent since 1905 at some typical private universities. The economywide cost index was rising at an average of slightly over 2 percent per year in this period. During the relatively normal years of 1949–66, per student costs rose 7.5 percent per year in major private universities and somewhat less in major public universities.

Even before the advent of the current national economic "stagflation," this long-term trend had overtaken the higher education system and swamped it in crisis. Unlike industry, a university cannot hope to achieve significant offsetting increases in productivity, so where are the funds to come from to make up for the gap? Gift support has been magnificent and heartening at my institution, but the current rate of giving is running about one-half the rate of a year ago.

A particularly distressing example is that of libraries, on which the vitality and quality of an institution depend. At Cornell we are fortunate in having one of the best library systems in the country. It took us 70 years to reach the first million volumes, 20 years the second, 9 years the third, and 6 years the fourth million. Our shelves will be filled by 1976. At the present rate we must duplicate our total capacity every 14 years. This requirement for facilities is on top of an increase in the cost per book which was at least 10 percent per year before the current leap in the inflation rate.

We are faced with a dilemma. Either we find funds—somewhere—to maintain a superb library or we let the library decline in quality. Unfortunately, the new computer and data-handling technology cannot provide the information storage and retrieval capability a library needs. Perhaps this technology can help us solve our problems in the future, but it will be many years before help from this source is available.

A feature of our financial problems which I want particularly to call to your attention is the steadily rising costs associated with programs mandated by Federal and State Government. I refer to such matters as the Occupational Safety and Health Act, workmen's compensation, affirmative action, disability benefits, unemployment insurance, social security, emissions standards, the Fair Labor Standards Act, and regulations on the use of human subjects.

I do not question the social utility of these programs. I simply want to point out that they have added greatly to the recent financial burdens of the institutions with no compensating additions to income. In almost all cases they require additional administrative staff, recordkeeping, inflexibility of operation, and centralization of responsibility.

The Fair Labor Standards Act, for example, required installation of a new payroll system, at substantial expense. I cannot give you a precise figure on the costs of Cornell directly attributable to OSHA, but it is safe to say that it is mounting into the millions of dollars.

Another problem that I would like to address is the prospective nationwide decline in enrollments and the impact this is likely to have on our total higher educational system. This trend will begin toward the end of this decade, following some further growth in the interim. It will result from two factors: a decline in the birth rate—and this is not a projection, we are talking about children already born—and saturation of the market. The percentage of high school graduates who elect to pursue the collegiate route will have reached its practical maximum.

The anticipated problem is especially serious in New York State where the board of regents estimates that 1985 enrollments will be 15 percent less than those in 1973, and 31 percent less in 1990. Even if the decline is less severe than these projections, there will not be enough students to fill the existing facilities.

This is going to be hard on the institutions, both public and private and the phrase "orderly retrenchment" is beginning to appear in discussions about long-range planning. Where there is no growth, there is sharply limited room for innovation and flexibility. All the overhead keeps on going while the income declines. Competition for students, already a serious problem for many of our smaller, private colleges, will result in the demise of some—perhaps many—and could result in acrimonious confrontations between the public and private sectors.

I believe it is essential to the welfare of the higher education in this country that we maintain a balanced and compatible dual system of public and private institutions which has proved so effective in the past.

If all of the private institutions in the country were to fail because of the tax-subsidized competition of the public colleges and universities, then the taxpayers would have to pick up the added burden at a staggering cost. Any reasonable estimate of the additional annual cost to public treasuries runs to many billions.

A key problem at the moment is the great and widening difference between tuition charged at the two kinds of institutions. Middle-income families are strongly motivated to send their children to the public institutions; if they elect private colleges, they pay twice—once through tuition charges at the private institution, and again through taxes to support the public institutions. The combination of this tuition gap and declining enrollments is potentially ruinous for the private sector.

It seems more and more evident that there must be increased public subvention in some form if the private as well as public institutions are to survive. This being the case, there needs to be more discussion and more understanding regarding the standards of accountability which it is reasonable and prudent to ask of the institutions receiving public funds. The institutions are rightfully concerned that the standards which are developed not tend to reduce higher education to the lowest common denominator.

I believe that the higher education law now on the books is good legislation and offers a sound basis for support of undergraduate students and for cost-of-education support to the institutions where these students are enrolled. The major problem here is to energize these good provisions with money.

The situation for graduate education and research, however, is very different.

One of the purposes of graduate education is to train people to solve difficult novel problems which are important to the advancement of society. This is done through apprenticeship of the student to an experienced teacher who is in the process of solving difficult and novel problems. Research output is a customary product of this process, but the primary purpose of a university is not to produce research output; it is to produce educated and skilled people.

These are the people who become leaders. They are the ones who determine the economic and social welfare, the health, and the cultural satisfactions of the citizens of the nation.

The drastic increase in the rate of inflation has compounded all of the financial problems of higher education. The impact on graduate education is especially acute because it is several times as expensive as undergraduate education. The average annual cost of doctoral education is estimated to be at least five or six times the average cost for undergraduates. The average total cost of a doctoral degree as of 1972 was estimated to exceed $50,000. We are facing a situation where many students cannot afford to undertake doctoral work, or else must spread it over an unconscionable length of time.

The argument is frequently made in Washington that the market is saturated for manpower at the Ph. D level. Manpower forecasting, however, is a risky game. A few years ago there was an apparent surplus of engineers in the wake of a steep decline of the aerospace industry; today, engineers are in shortage.

The wise course for public policy is to focus on quality--support of the best programs and the best students—and on stability—the avoidance of rapid swings either up or down, which almost always are based on a limited and temporal perception of need.

Meanwhile, the Nation's need for leaders, produced by dependably financed graduate programs of the highest quality, continues unabated.

In the decade from roughly 1957 to 1967, it was Federal policy to provide extensive support to graduate education because of a perceived national need for greatly expanded numbers of highly trained professionals. After 1967 that policy was dramatically reversed.

In 1968 there were well over 50,000 Federal fellowship and trainees. A September report of the Federal Interagency Committee on Education shows that Federal fellowships and traineeships in 1970–71 totaled 37,100 at a cost of $166.1 million. By 1974–75 these figures had been cut approximately in half. Some agencies such as HUD and NASA phased their fellowships and traineeships out altogether, but the largest numerical cuts were in NSF—from 7,500 down to 1,600—and HEW—from 27,100 down to 15,900. The field with perhaps the most dramatic decline is the physical sciences, going from more than 4,000 in 1970–71 down to about 600 in 1974–75. NIH traineeships and fellowships declined from 721 in fiscal year 1971 to five in fiscal year 1975.

The figures in the Federal Interagency Committee on Education (FICE) report include fellowships for teachers of the handicapped, now more than 8,000 per year, and do not include students receiving support under NIH training grants, estimated at about 14,500 in fiscal year 1972.

The rate of decline nationally in the number of science and engineering students receiving Federal assistance was 1.4 percent between 1972 and 1973, after a 10-percent drop from 1971 to 1972.

At Cornell alone, outside support—mainly Federal—for graduate education is now lower by more than $4 million per year than it was in 1967. To give you some specific examples, we have lost from the peak year $865,000 in yearly Federal training grant funds, $798,000 in NDEA title IV fellowships, $475,000 in NSF traineeship funds, and $105,000 in NSF graduate fellowship funds. We have had some increase over the last 3 years in research assistance supported from Federal research grant sources, amounting to about $540,000. Welcome as this is, it does not begin to eat up a $4 million total loss.

We have pondered the meaning of these cuts for Cornell and for the Nation as a whole. We have concluded that some reduction of Federal support of graduate students from the peak year of 1968 was warranted. Graduate enrollment has increased in spite of the reduction in Federal fellowship supports. There have been shifts among fields of study in response to changes in long-range career prospects.

However, we feel that the cuts were made too suddenly and too deeply. Moreover, there has not emerged a new Federal policy for Federal support of graduate education based upon changed circumstances and upon the shape of the future as best it can be seen.

Thoughtful proposals for Federal remedial action have been put forward by the National Board on Graduate Education. These call for the following:

1. MERIT FELLOWSHIPS

Portable, 3-year merit-based graduate fellowships to support approximately 2,000 new starts per year, or 6,000 at any one time after the first 2 years. Stipends would be $3,500 per year, with a $4,500 cost-of-education allowance to the institution. When fully funded, this program would cost $48 million per year. It has been suggested that about two-thirds of the fellowships—1,300—should be provided by NSF and one-third—700—by the National Endowment for the Humanities. Since NSF already awards 500 such fellowships each year, the total annual net addition being proposed is 1,500 fellowships.

2. SPECIALIZED MANPOWER AND RESEARCH PROGRAMS

Five-year grants to universities for research and graduate training directed toward urgent national problems, with about 70 new starts per year and a steady State total of 200. At an estimated $300,000 per year grant, the annual investment would be $20 million for the first year and $60 million when fully operational. About half of the funds would be used for support of graduate students and postdoctoral researchers, with the other half applied toward the institution's costs. Grants would be awarded on the basis of national competition.

3. MINORITY GROUP PROGRAM

To promote successful participation in graduate education by historically disadvantaged minority groups. One suggestion is to establish competitive institutional grants, with the institutions in turn providing stipends to students.

Implementation of these proposals can maintain the stability and vitality of this crucial but often neglected segment of our system of higher education. High quality education is an important national resource, and should be recognized as such in public policy.

This country's policy of using the universities as a major research resource, with research linked to graduate education, is a happy policy.

The productivity of an effective research-scholar-teacher is amplified many times over through the work of the teacher's students.

Total Federal support of research and development has shown a substantial (17.4 percent) decline in constant dollars since 1968. In fact, total U.S. expenditures on research and development are declining as a percentage of gross national product, going from 3 percent in 1967 to 2.3 percent today. This was occurring at a time when U.S.S.R. expenditures were rising sharply and R. & D. expenditures in Japan and West Germany were also rising as a percentage of GNP.

The portion of federally sponsored research and development which is conducted at colleges and universities has not declined nearly as much as the overall total, but there has been a fundamental change in emphasis and attitude in the Federal Government which is of concern to higher education. The pressure for quick results has pushed mission-oriented research to the forefront. What tends to be forgotten is that the visible results of the future depend on the laborious and unheralded research of yesterday and today.

In research support, as in graduate student support, continuity is called for. We realize that Federal priorities shift, and that this necessarily calls for shifts in Federal funding.

However, we know that the harm done to universities—and the increased costs incurred by the Federal Government through reductions in the efficiency of research—can be reduced by government-wide adoption of tested means of easing the shock of shifts in funding. Two of these are provision of funds in a form allowing the university to fund transition costs and reduction of support in steps over 2 or 3 years as contrasted with sudden cutoffs.

Another matter which needs intensive study is the research role of universities over the decade ahead. A number of fundamental factors are tending to change the role of universities. Research on problems of major national significance is clearly essential. I refer to such things as the energy problem, urban problems, health protection and health care, and deterioration of the environment. Much of this research will be in the nature of establishment of standards, testing for toxicity, and large-scale problem solving research directed towards resolution of tasks set in advance, and carried on in large laboratories with a hierarchical structure, with planned division of effort and with deadlines. This sort of research is not well suited to universities.

At the same time, basic research related to urgent problems, which is congenial to universities, will be needed.

I cite these issues as illustrative of the many forces that are tending to shift national research patterns and the research roles of universities.

In my judgment, the Federal Government would in its own interest be well advised to institute a thorough study of the future contribution of academic science. Such a study and report would be of great value both to the Government and universities.

Thank you for giving me the opportunity to appear today.

Mr. Bailey. Mr. Chairman, it is my pleasure to present at this time President Keith Spalding of Franklin and Marshall College in Pennsylvania.

STATEMENT OF KEITH SPALDING, PRESIDENT, FRANKLIN AND MARSHALL COLLEGE, CHAIRMAN, BOARD OF DIRECTORS, ASSOCIATION OF AMERICAN COLLEGES

Mr. SPALDING. Mr. Chairman, I have a statement which I can offer to the committee for the record.

Senator PELL. It will be included in full in the record at the conclusion of your testimony.

Mr. SPALDING. Thank you, sir.

I think it would serve the purposes of the panel and your committee, sir, if I proceeded in a slightly different way. Let me make some summary remarks and speak briefly just from some notes.

I will not apologize for the fact that these comments will affirm some of the things the chairman said in his opening call for the meeting. Because I am chairman of the board of directors of the Association of American Colleges and, therefore, closely related to the National Commission of Independent Colleges and Universities, I will attempt to make these remarks reflective of what I believe to be the broad responsible consensus among them.

But, to put forward the case of the independent or private institutions, it is first necessary to say that we are not unaware of the distress in the public sector. Enrollment problems and budget squeezes and uncertainties in planning are shared among us all.

Also, I would assume we do not believe that one sector can profit or American students be served if we ask that one type of institution be favored over another. It is our conviction that it is increasingly important that private and public sectors be able to work together in cooperative ways and in ways to achieve the greatest efficiency. So that we recognized, particularly on the State level, that public institutions have prior claim on the public resources, and we do not ask for help for the private institutions by suggesting that there be a pressure upward on the tuition in the public institutions.

It is our belief that the social purposes of the country are best served if tuitions can remain low and within the reach of those who should avail themselves of higher education.

While we are proud of our independence, the fact is there would be very little private higher education if there were not a wide variety of Government programs to support and encourage the private sector.

Having said that, and having said, therefore, that there is a mixed and complex system of higher education in the United States, and having said it with conviction, I can say also that the private nonprofit institutions represent a tremendous investment, and that investment is in some degree of jeopardy right at a time when a fairly marginal amount of money in continuing costs would help to protect it.

Now, those are obvious things, and I have belabored them so that I can make the point that has been at least implicit in all that has been said by my colleagues here.

We believe that the American people, through their elected representatives, chose to purchase diversity and choice and options and opportunities in this complex system. It is distressing to me, too, that that situation, those characteristics are also in jeopardy now. And that comes at a time when it is perhaps no longer possible to manipulate the economy in other kinds of technical cooperation and spending that must be done through a conscious effort of investing in human capital.

Now, I offer you no apocalyptic statements about the number of failures that you see in the private sector, although there will be some, and the chairman mentioned some that had occurred since 1970.

I repeat what others have said, that we are particularly vulnerable to inflation. We share with others that frustrating circumstance that as we educate our people to use less energy, the rates go up, the usage goes down, and the costs rise.

The simple fact is that we have no means available in the private sector to increase revenues at the rate which costs and expense budgets rise, and the lines appear to have crossed and are parting.

We also see the first signs of price consciousness and price resistance, as those of us in the private sector must raise our tuitions to generate revenues. And there are dangers for us in retrenchments, retrenchments which we have been through, most of us, at least once, and we now—if we continue to cut—begin to cut into the bone and muscle of the institution and begin to spend our capital. So we are very grateful particularly for the programs of Federal aid to undergraduate students. I note what is at least a coincidence that in study after study it has been shown that deficits experienced by private institutions almost exactly equals their own investment in student aid funds.

That brings us, then, to an insuperable problem of the so-called tuition gap, that Dr. Corson mentioned. In that price resistance or price consciousness, we see some disturbing signs, just small evidences that I can only give you anecdotally now, that when faced with these high costs of education, high prices of education, and a family has a son and a daughter, they refer to a traditional style of educating the son and suggesting that the daughter find her career in marriage.

The same thing happens to us in minority recruitment. Despite the best evidence, we have not, in most of the small institutions at any rate, the resources available to fund minority or poverty level students, and also to give them the support services that they need.

We also have seen the first evidences that some of the quick payoff training programs which those of lesser means seek now in postsecondary education do not give them the upper mobility or the income that has been announced as the goal of the affirmative action, equal opportunity efforts.

So, we find ourselves in the danger, some of us, at private institutions of protecting a program of excellence which may be only available to those who are wealthy enough to afford it. The most frustrating thing, sir, is that we are at a point now with the economy when no amount of good management can overcome the external forces that are upon us. And we feel some despair about that.

In a private survey that was done of some private college presidents, one came to a conclusion which he says very well:

> While in the short run, by keeping a budget base narrow and compact and by applying greater energy to fund raising, I can find ways to defer crises, I can find no way in the long run to make revenues keep pace with rising expense. The only strategies apparently available, thus, are defensive. We strategize against uncertainties and instability, keeping open as many options as possible, but are reduced to hoping that somehow, before real difficulty comes, something will happen.

That describes the situation almost exactly at Franklin and Marshall where we feel fortunate to have seen earlier than some the need to retrench, to make a budget base narrow. Having experienced growing deficits which reached an annual level of about $400,000, we did reduce the base of the budget, put ourselves in the black again, and even this year are experiencing an operating surplus.

But it is very clear that that will be halved and then go to zero in a very short time.

The trend lines are against us and, despite our best efforts and some sophistication, we see no way to overcome that. We have not much choice but to look for help from other sources.

I am not talking about marginal help. Even prestigious colleges are suffering these kinds of problems. In a great many of them, the situation is simply beyond economizing.

Most private colleges operate from current funds. Most have very little in reserve to carry them through a period of high stress.

Now, I recognize that these things have been very general. I would just like to change course to emphasize two points and offer some anecdotal support for them.

I would hope that the committee in the Senate and the Congress would recognize that variety is needed in the patterns of support, that there is no single panacea, no simple program that will offer a panacea for both of us. We have some contradictory things to deal with. We need to tend to the problems of the middle-income group, as well as those who should have access and opportunity.

We are aware of how expensive the guaranteed student loan program is becoming and how it has not met all of its expectations.

It is not enough to suggest to us that we should be wise and follow what students want, because it would be improper, we believe, for education, higher education, to become solely a consumer industry.

The second thing I would like to urge is that there be close attention given to coordination of State and Federal programs, and at the very least incentives to States. I think I should say to close that it may be improper for us to want assistance at the expense of others, for there are a great many needs. We are aware of that. But it is our belief that there is a social investment to be made in higher education which is very important, indeed.

Thank you, sir.

[The prepared statement of Mr. Spalding follows:]

Statement of Keith Spalding, President, Franklin and Marshall College, Chairman of the Board of Directors of the Association of American Colleges

Mr. Chairman:

My name is Keith Spalding. I am President of Franklin and Marshall College and Chairman of the Board of Directors of the Association of American Colleges.

The concern which the Sub-Committee has expressed in the present state of higher education in America by the very act of holding this informal proceeding is an encouraging sign of the Sub-Committee's (and, by extension, of the Senate's) awareness that an important sector of the American society--its higher education community--is today in deeper distress than it has faced for many years.

I am here today as a "representative" of the private, non-profit sector in post-secondary education. And I shall attempt to make my remarks as reflective as possible of what I take to be the broad, responsible consensus of opinion in that community. I must state at the outset, however, that no one person, no one institution, no one association can possibly represent effectively all the nuances of opinion and belief that characterize private post-secondary education. Please understand, as well, that spokesmen for the private sector are not unaware of the enormous distress now being felt in the publicly-owned and financed institutions. Enrollment drops, budget squeezes, planning difficulties are the fate of all types of institution today--whatever the particular form of ownership, financing or governance.

The impression must not be conveyed to you that one sector of the higher education community can profit, that American students can profit, if one type of institution is favored above others.

Through our membership in organizations such as the American Council on Education, the Association of American Colleges and various state groups, the vast majority of the nation's private institutions of higher education have taken the position that cooperation among all the sectors is essential if the diverse, rich and productive post-secondary education system in the United States is to be preserved and strengthened.

There is a concomitant to what I have just said. Private institutions of higher education must and do recognize that institutions of higher education owned and/or primarily funded from tax revenues must be presumed to have a prior claim on such resources. I am not here to dispute that proposition. It seems to me self-evident.

I do intend, however, to argue that private, non-profit institutions of higher education represent in aggregate a very large investment, a significant portion of which comes from tax revenues of one sort or another, and that the current distress among the private institutions places that investment in great jeopardy for want of a fairly marginal continuing cost.

No one would question very seriously, I think, the proposition that we do not have two systems of higher education in this country--a public one and a private one. We have, instead, a system of mixed public and private funding of institutions of higher education whose governing boards' membership is either self-perpetuating or not.

The lines of separation between public and private that may seem clear today were not at all clear in the early days of American higher education, when grants of land and money were regularly made to colleges by governmental agencies without regard to type of control. John S. Whitehead, in his book, The Separation of College and State: Columbia, Dartmouth, Harvard and Yale, reinforces the useful point, which is evident to anyone conversant with the history of higher education in the United States. that the present distinction between public and private in higher education arose with force only after the Civil War.

Since that time, higher education has grown up as a very complex system--consisting of land grant colleges and universities; private, research-oriented universities; sectarian institutions; private liberal arts colleges; state college systems; community colleges, among others.

It is interesting to note that much of what we know as the "private" sector in higher education was created for reasons not unlike those guiding the development of the current crop of community colleges. Franklin and Marshall College is far from unique, although its origins date further back than most, in having begun as a small institution created to serve a specific local population, the Pennsylvania Germans with a mixture of secondary and post-secondary offerings aimed at effecting their acculturation to the broader society. As times have changed and the needs of its publics, Franklin and Marshall has become a different sort of place than it once was, but it still serves a public purpose by responding to the needs of a limited portion of the higher education "market", just as it did when Benjamin Franklin gave it 200. We are "public" in our mission, even if not state-owned.

There are those who would argue that the plight of private higher education derives from governmental intervention in and competition with independent institutions. I believe that to be an unfair allegation. Local, state and federal governments recognize the public purpose of our institutions in very concrete ways that, if we are to be candid, effectively prevent us from using the "private enterprise", analogy with accuracy. Examples of governmental policy favoring our existence are well-known:

> ...we benefit tremendously, even crucially, from our local state and federal tax exemptions. While an exact dollar estimate of the impact of this combination of "passive" government programs of aid is not really obtainable, for Franklin and Marshall, alone, it would probably mean at least a million dollars (equivalent to 10% of our annual operating budget this year) in increased

> operating expenses were we to be subject to property taxes, sales and use taxes, the federal excise tax, and so forth. I need not mention the corporate income tax. There would be no net income to tax.
>
> ...private colleges and universities, like other public charities, depend on tax laws of the states and the federal government to foster private giving. Were present regulations to be changed in such a way as to discourage giving, especially on the part of large donors, upon whom we depend most, the damage could well be fatal.
>
> ...the private sector benefits in many ways from a broad range of grant programs funded by the federal government and the states which supply crucial funds for operating budgets, scholarship loans and grants, work/study, research, building programs, library acquisitions, arts programs...and so forth.

It would be fatuous for us to pretend an independence to which we cannot in fact lay claim. It is no exaggeration to say that there would be very little privately-funded higher education in this country today if a wide variety of government programs did not support it and encourage it in various ways.

I have belabored the obvious relationships between the private sector and the government in order to allow me to come to a point with which I hope all can agree: the taxpayers of the United States of

America have a very large investment in the present system of higher education, including the private institutions.

I would argue that what the representatives of the taxpayers believed that they were buying with their support of our institutions was diversity and quality. Choice among institutions, among programs, among cost levels, among geographical locations is important to the American people. I believe that they would consider themselves very much the poorer were they to discover that suddenly their children no longer had the opportunity to choose to study chemistry, or nursing, or forestry, or Italian, or any of hundreds of fields; that it would be difficult or impossible to study in a college with a particular religious tradition; that study near home...or far away...had suddenly become burdensome in the extreme, or impossible.

In my recent travels around the country as Chairman of the Association of American Colleges and in my work with organizations within the State of Pennsylvania and for Franklin and Marshall, it has begun to appear to me that the situation which I have just described as abhorrent to many Americans is drawing closer.

It is my belief that, while private institutions now are far more numerous than public ones (1284 to 543 by a recent AAC tabulation of 4-year schools) we are rapidly reaching the alarming point where many will be bankrupted. Within the borders of Pennsylvania alone, I am aware of a substantial number of schools whose funds are running out and whose enrollments are trending down. NCICU counts 50 failures among private colleges since 1970. I have no reason to doubt that the comparable number for the next three years will be substantially greater and that the names of some of the failed colleges will be well-known.

It is difficult to avoid conveying a sense of despair when one reports the feelings of comrades in sister institutions which are in the process of expending their unrestricted endowments in the hope that some "miracle" can be found. Let me read to you two statements from presidents of private institutions made in response to a survey concerning the economic conditions facing their institutions:

"My own expertise in these matters is less than my experience. My thinking has led me to conclusions like these: While in the short run, by keeping a budget base narrow and compact and by applying greater energy in fund-raising, I can find ways to defer crisis, I can find no way in the long run to make revenues keep pace with rising expense. The only strategies apparently available, thus, are defensive. We strategize against uncertainties and instability, keeping open as many options as possible, reduced to hoping that somehow before real difficulty comes, something will happen."

"Heaven only knows how much jeopardy we are in. While through stringent controls and a whole series of handsprings we may bring our budgets into some kind of balance, we are nonetheless in deficit operation in terms of building maintenance and of decent wages and working conditions. And ... unless we can get these matters straightened out the prospect of maintaining quality will be seriously threatened."

Why should there be such gloom?

The reason for the discouragement of the presidents of even the country's most prestigious private colleges and universities is that they are now coming to the realization that no amount of good management will solve their problems.

In the years 1968-71, we at Franklin and Marshall went through a very painful process of retrenchment because we found that we were operating at regularly increasing losses. Other institutions have undergone or are now undergoing a similar surgical process.

By dint of those efforts--which included an overall reduction of nearly 20% in the faculty and staff--we reversed the trendlines and balanced the budget. We are now operating in the black for a third consecutive year. But the trendlines are against us again. Suddenly inflation and the increased complexity of operation that we must maintain are increasing our costs faster than we can increase income.

We have no intention of giving up.

However, we are now confronted with a situation in which we do not feel that we can make further cuts in our academic program or support services and remain the competitive, attractive and effective institution we have become.

I know that we are far from alone in discovering this year that the financial cancer we thought was in remission is active once again. I and others who are in a position to observe the situation in private higher education are very fearful that amputation of important and beneficial programs is all that remains for us to do. We must have more outside help if this destructive, and ultimately useless, process is to be halted.

Remember, too, that I have been referring to reasonably prestigious and prosperous colleges and universities--which, like Franklin and Marshall, may still be able to make some compromises with quality and comprehensiveness of program in order to keep the wolf from the door for some little while yet. There are, however, other schools which have no such further recourse. They are at their minimum level of operation. Their situation is beyond economizing. They will fail.

What, then, can the federal government do to bring some assistance to those schools which will not fail in the immediate future? More basically--is there any justification for increased federal programs to aid the private institutions?

Only the legislative branch of the federal government can respond definitively to the question of whether further aid is merited. I would, however, like to suggest a few additional rationales in support of such action:

Politically--

...the private institutions are not, in fact, very private. They serve public purposes publicly, but not entirely with public funds. In fact, they provide "matching grants" for public funds, thus multiplying the effect of tax dollars. The USOE estimated that in 1973-74 every tax dollar spent in private higher education was matched by $5.[illegible]5 in private monies.

...private institutions still account for a very significant proportion of post-secondary enrollments in this country, though not a majority. 22.8% of all undergraduates were in private colleges and universities last year--or 31.6%, if 2-year institutions are excluded.

...private institutions reflect the diversity that a reasonable person may well consider one of the greatest strengths of this nation--its regions, its races, its religious groups, its varieties of aspirations.

...the public has already made a very significant investment in our private institutions, a large portion of which may soon become office complexes and industrial parks and thus be lost to public use. The book value of physical plant assets (land, buildings and equipment) of private institutions of higher education as of June 30, 1972 was nearly $17.8 billion. (Source: National Center for Educational Statistics--unpublished data.) The book value of endowment funds in private institutions at the same time can be estimated at approximately $12.0 billion (Council for Financial Aid to Education.)

...it is educationally essential to offer a broad range of choices to adolescents if they are to have a real sense of control over their own lives, of freedom and responsibility. If we allow the diversity of our institutions to be lost, an important part of our children's education will be lost, as well.

Economically--

...inflation hits institutions of higher education with particular force because of their dependence on items increasing in cost at a rate greater than that of the general cost of living index--fuel, wages and salaries in the wake of the "freeze" years, periodicals, building and remodeling supplies, interest rates.

...at the same time inflation makes it harder for us to buy what we need, it makes those to whom we try to "market" our offerings less able to purchase them...and more conscious of price differentials.

...in like manner, the inflation and recession make giving more difficult, especially when changes threaten in the tax laws at the very time the stock market is extremely depressed and interest rates high.

...many private institutions have come to the end of their waiting lines. There is no one left to admit. Enrollments decline.

...most private institutions operate essentially from current funds, with few, if any, reserves to draw upon in times of increasing costs and decreasing income.

If the federal government, through the peoples' elected representatives, should decide, as it has in the past, that the investment of this nation in its mixed-funding system of higher education should be preserved, how might this best be accomplished? That is, of course, a decision which your committee and others will have to make. A number of quite viable alternatives have been proposed:

> ...expansion of the BEOG and SEOG programs through full-funding and adherence to the College Scholarship Service's new guidelines. We must recognize the degree to which the middle class in this country is being hurt by the current inflation/recession.
>
> ...funding of the "cost-of-education" provisions of the Education Amendments of 1972 in recognition of the fact that tuitions and grants in place of tuitions do not cover the full educational costs incurred by educational institutions.
>
> . . . programs of direct institutional aid, perhaps patterned after the New York State "Bundy" grant program.
>
> ...forgiveness of construction loans made by the federal government for dormitories and academic facilities.
>
> ...grants by the government to cover costs incurred by colleges and universities in complying with requirements of OSHA, equal opportunity regulations, and other commendable but costly government programs.

. . . creation of a "voucher" system which would allow students to choose an institution of higher education without regard to tuition rates.

...preservation of a favorable tax climate for the operation of colleges and universities as semi-private entities, which they are, in truth, now.

What I have tried to suggest in this presentation is our general perception that we have, by and large, reached the end of the economies we can effect and of the new avenues to income we can open. Further steps will mean compromising the integrity of our institutions to the point where their preservation would be pointless.

In closing, let me say that we recognize that our problems are in many cases shared by other segments of society. We do not seek benefit at cost to others. We feel, though, that there is social benefit of great magnitude to be derived from our survival and that higher education is a very productive investment in social terms. We hope that the Congress and the American people share that view, and that you will help that view to prevail through your committee. Thank you.

Mr. BAILEY. Mr. Chairman, our final panelist this morning is the distinguished chancellor of the City University of New York, Robert J. Kibbee.

STATEMENT OF ROBERT J. KIBBEE, CHANCELLOR OF THE CITY UNIVERSITY OF NEW YORK

Mr. KIBBEE. Senator Pell and Senator Dominick, my name is Robert J. Kibbee. I am chancellor of the City University of New York.

I want to express my appreciation to you and to Mr. Bailey for this opportunity to share with you some of my views with respect to revisions in the Education Amendments of 1972.

Our perceptions of what we believe would be the best model for Federal participation in higher education are largely shaped by the institutions we represent and the environment in which they are situated.

To understand why I approach this challenge in the way that I do, you ought to know more about the City University of New York and its relationship with the city in which it is located. I believe it will show that, while we are unique, there are elements of commonality that demonstrate the problems facing City University are quite similar to those confronting institutions of higher education elsewhere, particularly those serving urban constituencies.

CUNY is the third largest university in America. Unlike its more gargantuan sisters—the State University of New York and the University of California system—we do not sprawl. There is little geographic insulation between our campuses; some are within walking distance of each other; a couple of 35-cent subway tokens can connect the furthest apart of our 20 campuses. Our student enrollment is close to 270,000, and we employ about 30,000 full and part-time staff and faculty members.

Our academic programs range from basic remediation for students seeking to master basic learning skills to doctoral programs that are second to none in terms of their scholarly standards.

To support this enterprise of 10 senior colleges, eight 2-year community colleges, a graduate school, and an affiliated medical school, we have an operating budget—derived roughly half and half from our city and State governments—that is close to $600 million for the current academic year.

Let me begin this presentation with some generalized convictions upon which its rests.

I am convinced that if our cities are to be saved the unskilled and unlettered must be given the tools to participate productively and profitably in the economic life of the community; the poor must share more equitably in the economic benefits that are produced; those who are deprived because of prejudice and discrimination must be allowed to move more freely and openly in our society.

In the major cities of our Nation, all of these—the unskilled, the poor and the victims of discrimination—are largely the same people. By making available the opportunities of education, we, at least, take the first and the most fundamental step in breaking this self-defeating cycle.

Beyond that, I am equally convinced that the stabilizing force that can allow us the time to achieve our educational objectives is the maintenance of the middle class in the community.

The thrust of urban higher education must be focused on these twin objectives and upon one other—that of committing a major portion of the talents our universities encompass toward solving the complex technical and human problems created by large concentrations of people within relatively limited geographic areas.

Neither the cities nor the States in which they are located can deal with these mammoth tasks. They do not possess the resources to support the level of effort that must be made nor can they generate such revenue without the imposition of taxes at a level that will only accelerate what they are trying to avert.

Our cities are a great national resource. If those that exist were to disappear, new ones would have to be created and their problems would be little different.

Unless we can deal constructively with the pervasive problems of ignorance and poverty, their destructive and disruptive consequences will continue to disfigure both the body and the soul of our Nation.

Now, let me be more specific.

I think you will better understand the distinctiveness of City University and the special circumstances that influence our outlook when we consider the prospect of a greater Federal presence in higher education. There are laundry lists of distinctions that might be assembled to detail the unique characteristics of our university, but there are two salient ones that are certainly the most publicized and probably the least understood ingredients of what makes City University what it is today.

I refer, of course, to our policy of open admissions and our policy of tuition-free undergraduate education for matriculated students who are residents of our city.

"Free tuition," as it has come to be termed by New Yorkers, goes back more than 125 years. Open admissions in the form it now operates within our university is only in its fifth year. But free tuition and open admissions have come to be so intertwined that they are truly a single policy characteristic of City University.

Today, I do not believe one could survive without the other. Jointly, they have proved to be the most successful formula for collegiaet access of any public policy ever implemented in our country.

To understand the importance of this policy foundation to our university, you must bring into focus the urban environment that structured it. I will attempt to touch upon some of its elements and, in doing so, I will probably list characteristics of other cities which, like New York, share the same problems.

The most pervasive fact about New York's environment that must be understood if you are planning its public higher education policy is its poverty. Pockets of concentrated poverty scar every borough of our city. They are generally tied to race and ethnicity, characterized by poor housing, high crime rates, limited job opportunities, and high unemployment, fractured families, widespread narcotics addiction, alcoholism, inferior schools, and a generally low level of educational attainment.

This is not a new phenomenon for New York. Our city has a long history as a spawning ground of neighborhoods made up of impoverished immigrant clusters. The social and economic walls of past ghettos, however, were less formidable than the ones that exist today.

The colleges of our university from their inception played an important role in providing a ramp out of this poverty. It is a tradition the university and those who now provide its resources want continued.

There are other facts about New York that ought to be recognized in seeking to understand the motivations for our policies.

Our middle class has been in flight since the end of World War II. That exodus to the suburbs has not only eroded the city's tax base, accentuated existing patterns of housing segregation and congested our already creaking transportation facilities, it has been a major factor in the deterioration of our elementary and secondary school system.

To survive, New York City must provide substantial incentives to hold what middle class is now resident there and perhaps make it sufficiently attractive to bring back some who have fled.

Other than proximity to employment, for families with children, the tuition-free, open admissions colleges of City University provide the most significant incentive for remaining in New York and suffering its day-to-day inconveniences and indignities.

Those who quantify these phenomena tell me that, thanks to our dual policy, New York City now has the highest college-going rate in the country—over 75 percent of our high school graduates go on to institutions of higher education.

At first blush, the 75-percent college-going rate of New York City high school graduates may appear overwhelming. It is far from that. Let us examine it more closely.

Who graduates from high school in New York? Only half of those who enter the ninth grade earn high school diplomas. On a 75-percent rate of college admission, it means that only 37½ percent of those who start high school will actually enter institutions of higher education. If you then figure that only half of those who enter college go on to earn a 2- or 4-year degree, it means that only 19 percent of those who start high school earn a postsecondary degree.

That is a disgracefully low rate of postsecondary education, and I submit that a successful response to it would more than compensate for the enrollment declines projected on the narrow basis of birth rate demographics.

The central question is not how we can support the higher educational structure in the face of declining birth rates, but rather what remains to be done.

I mentioned that open admissions at our university is only in its fifth year. The overwhelming proportion of our city's population completed or dropped out of high school before that policy was adopted. Most of those who went no further now languish in a steady state of poverty and despair, unequipped to compete in the economic marketplace and too impoverished to do much about it.

It is time that we dealt with this reality. The education of adults, on a part time or full time basis, must become a prime responsibility of America's colleges and universities. Contemporary American life is impoverished largely because the colleges and universities of the country have been unwilling or unable to make lifetime learning one of their principal purposes.

What, then, is the Federal challenge and how can changes in national policy substantially assist institutions, such as ours, in performing their missions on the frontiers of American urban society?

We recognize that access to quality higher education learning opportunity, access with a range of choice, has been the motif of current congressional policy, as reflected in the 1972 education amendments, through policies of student-directed and institution-directed assistance.

Access is also at the heart of the problems I have described.

Today, I would like to suggest two ways to accomplish these purposes more effectively and without generating undue inflation in tuition costs.

The first element I propose is a program of Federal student aid geared to actual costs of attending college outside of instructional costs; that is, including room, board, books, and transportation, but not including tuition and fees. Even at a nontuition institution such as ours, there are thousands of students who do not enroll or who drop due primarily because they or their families are unable to meet these costs or to forego the income they represent.

It seems to me the basic problem of the current Federal student aid programs is that each attempts a dual purpose—providing basic living costs and promoting choice.

The basic opportunity grant program should be the major access support device. It should not be tied to the costs of attending a particular institution, but should be aimed for everyone. I would support a simple formula that takes into account all noninstructional expense and deducts expected family contributions.

The basic grant should be a true entitlement, like GI benefits, or social security, moving us a welcome step further away from pauper oaths.

This, I believe, would provide a realistic floor for access to some form of postsecondary education which cannot be provided by the current system of reducible grants based on half the costs of attendance at particular institutions.

The next student assistance priority should be choice; and to achieve it, I would suggest we employ supplemental grants, work-study, and loans. These could bridge the gap between resources and need for students attending higher cost institutions.

The second main approach, I would suggest, is aimed at encouraging access by providing a Federal incentive that would gear institutional aid to the effort put forth by the States and their localities. The formula for such aid should take into account actual dollars contributed to higher education from general State and local tax revenues, the proportion of operating budgets supported by tuition and the percentage of secondary school graduates enrolled in institutions of higher education.

Under this system, States and localities would be eligible to receive general purpose higher education grants based upon, first, local effort to keep tuition down and, second, the level of per student support. This would be one form of Federal spending that would truly be counterinflationary.

Although access to educational opportunity must be a fundamental thrust of public policy, it deals primarily with the future and with future generations.

If the cities are to have a future, we must also have public policies that deal with the present and which reach back to correct inadequacies of the past. We need a program that gives purpose and hope to the passed-over generations and which marshals concentrated intellectual power to attack the complex technical and human problems of urban existence.

In a very analogous sense we are dealing with the same kind of situation that, more than a century ago, moved the Congress to create the land grant colleges. Then the problem was to insure an adequate food supply for a burgeoning population and to provide the technical competence required to man the industrial revolution.

Today, we seek to eliminate poverty, to provide our urban communities with the wealth of skilled personnel they need and the humanistic bent to live harmoniously in a large and compact community, and to focus large concentrations of intellectual power on the complex problems of the urban condition.

What is called for, I believe, is nothing less than the creation of urban grant institutions that focus on the problems I have described and the resources to move vigorously and imaginatively to solve them.

I would like to add a few personal notes in support of things that my colleagues have said.

One of the interesting things about the current recession-inflation, as pointed out by Mr. Bailey, is the use of the colleges as a means of buffering against the unemployment caused by recessions. This was not a planned thing, but I would like to comment on one fact about our current enrollment that points up something that he said.

This year, of the 65,000 students who applied to be freshmen at City University of New York, 25,000 of them, twice as many as in previous years, came from classes that had graduated prior to last June, and 12 percent of those applying for the first time as freshmen at City University were over the age of 25.

Really, on the face of the fact that there was no similar kind of loss of student enrollment in the private institutions in the city, it seems to me that this is an indication of the way young people may be moving in the face of the current economic situation.

As far as the finances of public institutions are concerned, I can give you a little recent experience.

Within the last 2 weeks, the mayor of the city of New York called us to his office and explained to us a $330 million gap in the resources of the city, and asked all of the agencies and nonagencies, such as the universities, to see what they could do about decreasing 8.5 percent of the tax levy money they receive from the city of New York. This would turn out to be a $30 million decrease in the City University's budget, all of which would have to be achieved during the second semester.

Fortunately, he has ameliorated that position somewhat, but still the problem of inflation and problems of economy are still with us.

I would also like to say something in support of what my colleagues, President Corson and President Spalding, have said.

I think it is important for all of us to know that the public universities, certainly the public universities that I represent, support strongly the concept of a dual system of higher education in this country. I think private institutions are important as a means of choice for students, as a means for variety in educational experience, as a means of flexibility in the total educational program.

In the State of New York which, I think, is one of the more enlightened States in this regard, certainly not adequately, nearly $60 million is provided in so-called grants to aid private institutions and approximately $80 million of student assistance, largely to private, but some to State universities.

Although the City University receives none of this money, I have supported it and will continue to support it.

Finally, on a more optimistic note, I would like to associate myself with the remarks of Mr. Bond, that there are many problems around higher education—very real problems and very important problems. I think the Academy is still a healthy place and it does have the means in it to serve the country as it has served in the past, and to move ahead in the whole process of trying to make a better life for our people.

Thank you.

Senator PELL. Thank you indeed, gentlemen. I congratulate the American Council on Education (ACE) on this presentation of its views. I think the importance of this morning's hearing will be shown as we move into the legislative program in the coming Congress, and I know that by motion I intend to incorporate this hearing into the hearings of the next Congress.

For my own edification, the American Council on Education represents, as I understand it, all the public and private institutions in higher learning; would that be a correct statement?

Mr. BAILEY. Mr. Chairman, we represent all the universities in the country, about 75 percent of the private 4-year colleges and about one-third of the 2-year colleges. But this means that our general position on matters tries to cover the interest of all the constituent parts of higher education. I say "higher" in this case simply because we cannot pretend in this panel to speak for the very important post-secondary interests that are of a proprietary nature. I would like to make mention of just one other thing, Mr. Chairman. I am deeply grateful for your kind remarks about ACE. What you have heard this morning however, represents the collective activity of many sister associations of which ACE is only one, and I simply want to pay tribute to the help we have received from other associations in producing this presentation.

Senator PELL. You are the principal executive officer of ACE?

Mr. BAILEY. No, I am vice president. Roger Heyns, the president, regrets he could not be here personally. He is in China at the moment leading a delegation of university presidents.

Senator PELL. I have several questions. I think it will take too long if each one responds, maybe if one of you feel strongly on the subject, just one could respond.

What is your view, as we move into an era with perhaps declining enrollments in colleges, with regard to this question of tenure? Can efforts be made to make sure that tenure does not freeze a man into a job for the next 30 years or 20 years, or do you feel one is frozen in that position? If you have a declining student body and do not hire new young people, are you not left with the people who are there, and no infusion of new ideas?

Mr. **Bailey**. I should like to have one of those who is presently faced immediately with that problem respond. Perhaps President Corson might be willing to address this as he has both undergraduate and graduate faculties.

Mr. **Corson**. Tenure is a problem of major consideration. It got on the books originally for two reasons. One, the important reason is to give faculty members freedom to say what they believe to be the truth without intimidation by people who think otherwise, and the other is job security.

The job security part is of lesser importance. There is grave danger to an institution that is in a situation where young people cannot be brought in. To keep the institution vital, there must be young people. It is not quite as big a problem I think as some would have it. I have thought carefully about the problem. There are reasons why it is desirable to have a high tenure ratio, relatively high. There is a practical upper limit. That is the point at which everybody gets promoted to tenure.

If you have a distinguished department and can attract anyone you want and they are all outstanding people, they are all potential Pulitzer Prize winners or Nobel Prize winners, you would like to promote them all. But that sets an upper limit geared to your retirement rate. The tenure ratio may run as high as 75 percent in any institution.

If you go too low in this tenure ratio and you have a constant turnover, then you do not have continuity in the program. In between there is some desirable range.

The trouble we face now is with some of our most distinguished operations where a group of outstanding young people came in after World War II and up through the Korean war period who are now moving through the system and still have a number of years to go before retirement, and it is particularly troublesome where there is shifting student interest in curriculum or in subject matter. For example, one of our most distinguished departments is the physics department and we have Nobel prize winners and many other winners of other awards, and 90 percent-plus of the faculty is tenured, and there are no retirements for the next 5 years.

So we are in desperate trouble trying to find a way to permit that department to grow with young people and borrow against the future, when there will be many retirements coming up in 5 to 10 years. It is a problem. It is not insuperable.

To do away with tenure, I believe, would be inappropriate, but it must be managed intelligently. Those are the general views that I have.

Senator **Pell**. Do any of you have other thoughts as to how this problem can be resolved?

Mr. **Bond**. I would mention two things. One is that I think several of us mentioned the increasing opportunities for those who are not currently served, that enrollment need not necessarily decline, provided there is an opportunity for women, adults, and so forth, which Mr. Kibbee mentioned. I forget my other point, but I will make it later.

Senator **Pell**. Another question along the same line. What movement are the labor organizations making in organizing faculties? I know in my own State of Rhode Island, the big State university is now organized and the private university not organized. Are all six of you organized or not?

Mr. **Kibbee**. I am.

Mr. **Smith**. We are worse than organized. We have a strike going on in all State colleges of New Jersey.

Senator **Pell**. But you are not yet organized?

Mr. **Smith**. We are.

Mr. **Bond**. There is permissive legislation coming up in Colorado this year and it looks like it will pass, and I expect there will be organization at several of the institutions within the next 2 years.

Senator **Pell**. I would like to ask Mr. Kibbee if he has found open admissions has had a lowering effect on the quality of undergraduates?

Mr. **Kibbee**. I have not found that, Senator. I think one of the natural implications of allowing into the university a large number of students who were previously inadmissible suggests that it is impossible to maintain standards. I am sure that someplace in the university some faculty member has lowered his or her standards in a particular class. But I think that the university tries to view itself as an institution that can do a large number of things and do them very well. One of these, of course, is to take young people who are underprepared by their previous experience, and try to provide them with the basic skills that are essential to deal with college work, and then to pass them on into the normal courses of the university. The number of highly qualified students, in other words students who would have been admissible under any circumstances in the university, remains constant, so that we have not lost students of quality in the process, but have only enlarged the total group.

I am confident that we can do this and not deteriorate the standards of the university.

Senator **Pell**. I would like to touch on the Buckley amendment for a second, which is a hot issue here now.

Do any of you feel you could live with it as it is presently written?

Mr. **Corson**. Not until we know what it means.

Mr. **Spalding**. We probably can learn to accommodate almost anything. But the fact is that I would suppose, particularly in those institutions like my own, preprofessional in our orientation, having existed on expectation of confidential and candid evaluation for a long time, we have the feeling that the consequences of the act were not known. Now, again it is necessary to say that there can be no faulting the motivating of the sponsors of that act. It is even possible to commit atrocities with respect to students and student records, if they are not kept in a very professional way. But it would be very helpful to us if the implementation of the law could be delayed at the very least until we know what the regulations are and perhaps until we could assist you in showing what those consequences will be. It affects us at admissions, student aid, counseling, and it is not clear about psychiatric and medical records—at least not to us—in job placement, preprofessional advising, even in hiring, because remember, we hire young people from universities who come with student status. We have been distressed already in some recruitment of young employees to ask for confidential evaluations, but to receive them from the candidate himself. It looks to us as though there are trends there that would not be helpful.

Senator PELL. At first I was rather critical of the Buckley amendment and voted against it. However, the more I thought about it and the more I talked to the students involved, the people involved, particularly those in preprofessional lines of activity. I think there is a great deal of merit to it. We have been trying to figure out whether we could not move it into effect with certain exemptions. For instance, if all records were available, except psychiatric records, except financial records of parents, and except those personal evaluations which were made with the waiver by the individual involved, what that would mean is that everybody would automatically waive in the future, so it would not hurt in the slightest. If you did not waive, it would be like taking the fifth amendment, and it seems to me it would be perfectly livable. What do you think with those three caveats?

Mr. BAILEY. Mr. Chairman, I might just comment. As you well know, the staff of ACE is very deeply concerned with this issue. I think it is fair to say that in cooperation with our sister associations we have come to a point of agreement that if we can in fact identify the major problems, and take care of those through appropriate amendments, then we would not be in favor of substantial delay in seeing that the basic thrust of this legislation take effect. Even though there has been some misunderstanding of higher education's position on this issue, I know of no association that believes that the direction of the Buckley amendment should not be pressed. We are really concerned with making sure that great injustices and great damage to individuals do not occur in the implementation of this legislation.

Senator PELL. But with the specific provisions I just mentioned, and naturally also with the retroactive requirement in there so that people who have written with good faith would not find themselves on the line now, would that be acceptable to your institutions?

Mr. BOND. Yes. I was particularly concerned about the retroactivity. Since you would exclude those who have written recommendations before in good faith, now I think one of the major beneficiaries of the new policy is likely to be the telephone company.

Senator PELL. Who?

Mr. BOND. The telephone company.

Senator PELL. I agree with you. I think a great deal more will be done by word of mouth than by the written record.

Mr. SPALDING. One other comment: In this quick look at it, it seems to me you have in fact identified the major problems. About those remedies, I think that before long the legal profession, medical profession, and others, would be very much concerned. At any rate the word we get from those people we deal with is that if those remedies are not taken, then they will simply go to the numbers, which is to say that they will let the computers choose their classes, that they will let grades and aptitude tests choose, and that is not a very good way to fill classes at graduate levels.

Mr. BOND. I would like to mention that there is some urgency here because of the 45-day delay period right now. There have been institutions in Colorado, not in my institution that I know of, where high school counselors, for example, have called in and asked to have their letters withdrawn.

Senator **Pell**. I am aware of the urgency.

Pointing to Mr. Corson for the moment, one point he suggested was that the National Endowment for the Humanities could pick up some of the slack in these graduate fellowships. That would not be within the provision of the authorizing, legislation for NEH. We said very specifically that NEH is not to be used for the attainment or help in the attainment of Ph. D. degrees. It is to be used for development of humanistic studies, no matter if it is by a cobbler with no education or by postgraduate Ph. D. students.

Mr. **Corson**. There is an area where we have not had adequate graduate student support and we were fortunate to have support for a number of years in both the humanities and social sciences with the Ford Foundation grant of some size, which has long since gone. But we do need support for graduate students in the humanities area.

Senator **Pell**. As a sponsor of the establishing legislation, I am supportive, but the purpose is different. The purpose of the humanities endowment is not to help develop Ph. D.'s in the humanities. I think the two should be kept separate.

Another part you mentioned is that the need for engineers has increased. I was surprised at that. Can you document that?

Mr. **Corson**. We are having substantially more recruiters come to our campus. Our students are again having adequate numbers of job opportunities and the interest is coming back.

Senator **Pell**. I know a lot of unemployed engineers—maybe not young ones, but middle-aged ones.

Mr. **Corson**. They must not be Cornell engineers.

Senator **Pell**. Two more questions: First, it has been estimated that the peak of enrollment will be about 10 years, 5 years from now, and it will start declining. Has the higher education community faced up to that and is it making preparations to draw in its belt accordingly or does it think that the number of students will continue as it is?

Mr. **Corson**. In New York State, the regents of the State education department are taking the lead to study the problem, to find out how to help institutions that have particular troubles because of the declining enrollment.

I do not know what is happening in other States.

Mr. **Kibbee**. Senator, I might comment on that. The regents' study that was done in the State of New York would show the effects of enrollment decreases through 1990 running to about 31 percent by that year. It was based upon certain assumptions that I think will have to be at least examined. It essentially was based on the assumption that nothing would change between now and then, which is always a dangerous assumption. It estimated that the college-going-rate would remain the same, that there would be no other kind of—well, that the same number or percentage of people would graduate from high school as now graduate. As I pointed out, in the city of New York only half the students who enter high school graduate. If that is improved, and certainly one would hope that it would be, then the effect upon the enrollment trend becomes something different. I think, as Mr. Bailey pointed out in his remarks, that if those who are now stopped from going to college should go in the same proportions as white males now go, the increase in the potential enrollment would be something like 6 million students. So I think that it depends a little upon whether we tax the resources even of the existing cohorts of ordinary college-going people as to whether or not these enrollment predictions will hold up.

The second fact, at least about the City University, and I think about others, is that of the 270,000 students that I told you we had at City University, only about 140,000 fall into this category of the normal cohort of college-going students. The rest of them are older adults. Whether they be just a little older or whether they are a lot older, I cannot say. But there is a whole untapped resource of people passed over by education who will, of necessity, and their own desires, wish to go back.

So I would be a little leery of the enrollment predictions that are coming out that are based only upon the number of live births and certain assumptions about how they will go on to college 20 gears from now.

Mr. **Bailey**. Mr. Chairman, I might just add this: I do not know of any of the major associations of higher education that are not taking very seriously the rather doleful predictions based upon extrapolation of existing knowledge. But I would like to underline what Chancellor Kibbee has said and what Chancellor Bowen of Claremont College said last year, which is really that the level of enrollments in our colleges and universities is an issue far beyond demographic projections. It is a matter of public policy. It is a question of how greatly we value educational experience for part-time students as well as full-time students, for blacks as well as whites, for women as well as men.

Senator **Pell**. Senator Dominick.

Senator **Dominick**. Thank you, Mr. Chairman.

Since I will not be here for most of these hearings, I thought I would start out by making some comments.

First of all I want to say to Dr. Corson that Joe and Bill Coors are very eminent graduates of Cornell, and they make a marvelous beer. Anybody that can get their hands on it should do so.

Second, I want to say to you that we are dealing with a $475 billion debt at the Federal level. Very few of the States are in that position. My own State, under very fine management, has managed to accumulate some kind of surplus for future uses, either in education or in public works or whatever it might be. Most of the States are in far better shape than the Federal Government. Consequently, we have a problem of priorities.

Now, obviously you as well as most of us on this committee believe that education is one of our great priorities. But the question of how much you can expand funding is a little bit different from that.

Third, I would say that we have a problem in increased enrollment. In my own State I was told that in one county 80 percent of the graduating high school class were unable to read.

Now, I do not believe that, frankly. Maybe they were not able to read up to grade. But the basic question is, why did they graduate at all? Why were they not kept there in a remedial reading class or kept back a grade in order to be able to bring them up to snuff so they had a chance as they go through life?

I think a large part of our problem is the fact that we do not have at elementary and secondary levels the degree of education that we ought to have. I think they are too big. I think they have too many interests other than academics. And I think a return to the one-room schoolhouse might be a good idea. Having been through one myself, I did not find it any great handicap.

Now, the third thing that I think we come down to from listening to all your presentations is the fact that we have two problems. One—and they are basically different—one is funding the students who want to get higher education, and one is funding the institution which wants to give them higher education. And I think these are totally separate, totally different, totally apart and they ought to be treated as such.

For 20 years I have been trying to get through a tax credit for the cost of higher education. I have been fought up and down and sideways by the land-grant colleges that did not want to see Federal aid dissipated in that way. They wanted to keep it for themselves.

I have gotten it through the Senate twice, I believe with your support too, Mr. Chairman.

Senator PELL. Once, yes; and once no. I am sort of ambivalent.

Senator DOMINICK. We have not yet been able to get it through the conference. I hope we are able to do it again before too long. Because when we talk about bureaucracy, all the taxes that come in, and then work their way through HEW out in the program again, the bureaucracy absorbs anywhere from 25 to 35 percent of the money that is put in originally supposedly for the support of the students. As a result, we have a decrease in the available dough, which otherwise we would have, and the students would have to use for himself to choose his own access, either in a private institution or a public institution.

Senator Ribicoff and I were working hard on that. We had not gotten, as I say, the bill through the Senate, but we would like to get it enacted into law. It also has the beauty of being constitutional, which probably in a parochial level is not so. It is unconstitutional there. But it probably is constitutional at the higher education level.

Now, when we are talking about growing bureaucracy, have you, Dr. Bailey, or you, Dr. Corson, or you, Dr. Spalding, or anybody else on the panel, Dr. Bond, made an assessment of how much the various governmental Federal requirements have increased in terms of cost to the colleges or in terms of cost to the student?

Mr. BAILEY. Senator Dominick, we have scattered indices on this. I can quote you one specific example from Washington University, a distinguished private institution in St. Louis. The cost of administering simply the mandated social programs of the past few years has risen from $30,000 at the institution in 1971 to $330,000 this past year.

We would assume, without being able to generalize from one case, that the increase in the cost, the unreimbursed cost to the institution of conforming to recent Federal statutes in higher education has gone up many times. We are in the process of collecting additional data in this area, we will submit them to this committee as soon as we have it.

Senator DOMINICK. I think that would be extremely helpful to the committee's deliberations, and I would hope that not only the social programs, maybe you call it that, but the impact of the Occupational Safety and Health Act (OSHA) will also be included within this. I have been trying to change OSHA for quite a while.

If you would present that estimate, we will have it put in the record right now so that we have it pinpointed.

What you are saying is that Washington College went from $30,000 to $330,000 in a period of 3 years.

Mr. **Bailey.** Three years.

Senator **Dominick.** That is pretty high, but I would guess that is higher than usual. That is an extraordinary amount of increase, is it not?

Mr. **Corson.** Not for us. I would think that is a low estimate.

Mr. **Spalding.** We did such a study at Franklin and Marshall and our cost ranged since 1970 from $70,000 to $90,000 in the case of such programs, legal fees and otherwise.

Senator **Dominick.** That would cover what types of programs, the enrichment courses?

Mr. **Spalding.** I was talking about mandated surveys, reports, monitoring, and the staffing and record keeping necessary and the legal fees for self-protection.

Mr. **Bond.** I mentioned the cost in affirmative action at our institution is now around $30,000. That is aside from legal fees and any kind of appeal.

Senator **Dominick.** I think it would be helpful if you could put together as composite a group of these expenses as possible so that we could show them to the Secretary of HEW and also to the committee in the process of hearings, and see what we can do about them.

Mr. **Bond.** May I insert, Senator Dominick, those of us in the public sector have exactly the same problem at the local and State level, with an increasing amount of bureaucracy at the State capital, which impacts heavily upon the institution.

The recent veterans' tuition waiver in Colorado, you recall, had a $45,000 administrative cost appropriated to it, but that was absorbed entirely by the Commission on Higher Education and never reverted to any of the institutions, where the expenses really are.

Mr. **Bailey.** May I suggest that this is an issue of sufficient concern and importance to all of us in higher education so that we would certainly welcome, Mr. Chairman, any additional oversight hearings that this committee might conduct over the next year or so to flesh out the dimensions of additional burdens which have been imposed upon higher education, both public and private, by Government action. This does not mean hostility to the purposes. It means that there must be some better accommodation between the needs of public accountability and the need for some degree of autonomy. Otherwise, the institutions of higher education become impossibly burdened.

Senator **Dominick.** I think that is a good point. And I think if you can give us as much information as possible, that will be most helpful and we would appreciate it.

Let me ask you about the tuition tax credit. I will not ask Mr. Spalding because among other things I gather he is representing the land-grant colleges.

Am I correct?

Mr. **Spalding.** No. I used to be in a land-grant college—think highly of them—but it is the Association of American Colleges.

Senator **Dominick**. Let me ask then all of you or anyone who wants to comment on the question of what do you think about that idea, talking about the students now?

Mr. **Bailey**. Mr. Chairman, we have Chancellor Kibbee as representative of the land-grant group here, but we also have in the room a distinguished executive secretary, Dr. Ralph Huitt, who, if the chairman and Senator wished, might be called upon to address the specific question which you raise.

Senator **Dominick**. I know what the land-grant college is going to say to begin with. That is of no particular concern to me, even though we have a very fine one in our own State.

What do you think about it, Mr. Corson?

Mr. **Corson**. Well, I am a land-grant college and I have served 3 years now on the executive committee of the land-grant associations, so I had better be disqualified.

Senator **Dominick**. Let us get some ideas. How about you, Mr. Smith?

Mr. **Smith**. Well, basically as a president of a 2-year community college located in the heart of an urban city, I guess my reaction would be somewhat ambivalent. I am not really in the position where it would have impact. I would not be in a position to say categorically yes or no.

Senator **Dominick**. Your students, however, would come from working class people, would they not?

Mr. **Smith**. I would say predominantly so.

Senator **Dominick**. If they were exempted from taxes on their gross income, which they could spend for tuition and educational fees, they would be a lot better off?

Mr. **Smith**. A major portion would be, but we have the sort of situation where maybe 50 percent of our students are able to get their total tuition free, Federal assistance——

Senator **Dominick**. Keep in mind I am not talking about this as an overall program which would eliminate all the rest of the programs. I do not think it would at all. It would just be a matter of helping this along.

Let me ask you something different from that. Can we get direct institutional aid to the universities and to the colleges without creating a Federal degree of control which you would find unsatisfactory?

Let me ask Mr. Bailey that.

Mr. **Bailey**. Senator Dominick, I wish I had a crystal ball to give you a precise answer to that. My reaction must be that it is possible to do this. It seems to me that the so-called Bundy aid in the State of New York, institutional aid to private higher education institutions in that State, has been carried out with a minimum of interference. It is based upon a formula, with grants given to each institution based upon the number of 2-year, 4-year, and graduate degree holders.

Senator **Dominick**. Does that not immediately give you an incentive to create a degree even though the student may not be worth it?

Mr. **Bailey**. This has not been the effect of this. I think it fair to say, and the monitoring, which has gone on under the powers of the board of regents, has had the effect of precluding the kind of development you mention—and without the imposition of detailed controls. The only area of control that I know has existed in the administration of the Bundy aid in New York State has been in the determination of initial eligibility, the question under church and state prohibitions of who might receive and who might not receive Bundy aid. And I happened to be on the board of regents in the State of New York at the time we worried through that issue. It was done, I think, with great procedural care but without what I think the Supreme Court would call "undue entanglement." I am optimistic that an institutional aid formula can be found which can be supported without moving into areas of detailed bureaucratic control.

Mr. CORSON. Cornell receives about $3 million a year, Senator Dominick, under the Bundy plan. And from our standpoint it has been administered wisely.

There is a phenomenon going on now, I think totally unrelated, an inflation in grades. We have more students getting A's and B's now than we had 10 or 20 years ago. No one understands why this is. I am certain that the instructor or professor in the classroom has absolutely no thought of any financial implication when he assigns grades to the students' work.

I also believe that the inflation in grades is going on nationwide, not just in New York State.

So my conclusion is that it is quite possible to administer institutional aid as the Bundy formula does in an entirely equitable and satisfactory manner. And I believe is providing the State with its dollars' worth.

Mr. BOND. I think the answer is "Yes." The Bundy example has been mentioned. I mentioned I think when Senator Pell was out of the room the strong feeling that we have about the cost of education supplement following students in federally approved programs. This is a matter of national policy to provide for the extra cost to the institution. If this follows the student, I think it can be without strings attached.

Senator DOMINICK. Dr. Kibbee, if CCNY is under your institution, I am a graduate of your university. I took two courses there when I was a practicing lawyer.

Mr. KIBBEE. We are glad to have you, sir.

Senator DOMINICK. How do you feel about these propositions?

Mr. KIBBEE. I think I would concur with all that has been said, that it is possible to convey this institutional grant money because it has been done. It certainly is done in New York. In fact even the money that we get—we get no Bundy aid—we get our appropriations directly from the State and the city. But I found, though this may not be the universal experience, that the interference of either the State or the city in the operations of the university, even with the massive grants that they give us, is minimal. And I think it would be even less under a formula system that did not leave to bureaucrats the opportunities to make judgments about whether this is good or that is good.

Mr. BAILEY. I may just add, Senator Dominick, that early in December the American Council on Education and the education commission of the State are jointly sponsoring a 3-day conference on the subject of ways in which the relationship between governments and educational institutions can be developed in the future with far fewer bureaucratic controls. This seems to us a very important issue, particularly with the development of the 1,202 commissions—to find out how planning and coordination of higher education at the State level can take place without the detailed infusion of bureaucratic controls on very sensitive academic matters.

Senator Dominick. For whatever the chairman can get through in the way of institutional aid, we are going to have problems when we get into conference with the other body. We had two of the longest conferences I have ever known, on secondary education and higher education, in the last 4 years. And I would think that whatever you could do to show us the impact of this bureaucratic control on the finances of the various institutions would be extremely helpful, as I said before.

That is all I have. Thank you.

Senator Pell. Thank you.

I was very interested in this exchange. As Senator Dominick knows, I am always seeking simplification, both of legal verbiage and of regulations. But there is one, I am afraid, fact of life that the more Federal money you accept, the more paperwork and expenses you are going to have.

There is no law compelling any institution to take Federal funds. And in that regard I am just curious, do you know of an institution in your group which does not take Federal funds? Because, then, they can ignore many of these regulations.

Is there one?

Mr. Spalding. There are one or two small private institutions which do not accept any Federal or State moneys.

Senator Pell. I wish you would submit their names for the record.

Mr. Spalding. I know the name of one. And I know another exists. Rockford College in Rockford, Ill.

Senator Pell. They ought to get halos.

How did they keep themselves above water financially?

Mr. Spalding. Well, I hesitate to speak for them. The common wisdom is that they have wealthy trustees.

Senator Pell. And also they do not have to engage in all the paperwork that you have cited at the University of Washington, and they do not have to pay attention to all the Federal regulations. I admire any small college that is able to go it alone. I wish there were more than two. But there is no getting away from it.

The more money you accept from the Federal Government, the more the Federal hand is going to be into your decisionmaking and regulatory processes.

Mr. Bailey. One of the reasons why we have been deeply concerned with tax legislation, and continue to be deeply concerned, is that any change in tax laws which would seriously hamper charitable giving to institutions of higher education would increase substantially our dependence on Government largesse and would involve more Government regulations.

Senator Pell. All right.

I do think this is a thought worth considering.

I have one final question. That is, we have had some very rough studies done of the SAT scores at private institutions. It would indicate that the test scores of those admitted has gone down in the last few years.

We have some preliminary statistics which indicate that. Is there any evidence to support this? It appears that the verbal scores have gone down. I was curious if this is just a random selection that my staff made, or is there any pattern to it?

I will have inserted into the record tables pertaining to the SAT and ACT scores compiled by Ms. Stephanie Danforth and Miss Jane M. Simpson, interns with the Subcommittee on Education, from the Madeira School of Greenway, Va. The tables were taken from the 1968–69 and 1972 "Ballons Profiles of American Colleges," and the 1969–72 "College Handbook," published by the College Entrance Examination Board.

[The information referred to follows:]

e: Bethel

ation:
NORTH NEWTON
KANSAS

	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	N.A.	N.A.	70% average	$ 1077.	room & board $1750
1972	N.A.	N.A.	70% average	$ 1520	room & board $1870
Total loss or gain in a three ear period	-	-	—	up $443.	up $ 170.00

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Name: Brown University Location: Providence, R. I.	Median SAT'S Scores		Rank in Class Rec.	Tuition	Living Expenses
	Mathematics	Verbal			
1969	685	644	top 10% of class	$ 2000.00	Room + board $ 970.00
1972	660	660	upper 10% of class	$ 2850.00	Room + board $ 1360.00
Total loss or gain in a three year period	-25	+16	same	+ $ 850.00	Room + board + $ 390.00

Name: Cornell

Location: Ithica, New York

	Median SAT's Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	682	634	n.A.	resident: $400 non-resident: $1000 fees $275 to $300	room & board $1100
1972	662	606	n.A.	resident: $425-$550 non-resident: N.A. Fees $425 to 550.00	room & board $1500
Total loss or gain in a three year period	-20	-28	—	resident: +$25-$150 non-resident — Fees + $150.00	room & board + $400.00

Name: Fordham University Location: Bronx New York	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	550-600	550-600	N.A.	$1560 FEES $20-25	room & board MEN 1200 WOMEN 450
1972	575	575	N.A.	$1 2000. FEES $25	room & board $1300
Total loss or gain in a three year period	Same	Same	—	up $440.0 FEES SAME	room & board up.

Name: George town University Location: Washington, D.C	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	[illegible]	[illegible]			
1969	men 626 women 602	men 615 women 635	upper 20% of Class	$ 1650 Fees $ 150.	Room + board $ 1100
1972	597	595	N.A	$ 2350 Fees N.A	Room + board $ 1250.00
Total loss or gain in a three year period	down -5	down -20 to -35	—	+ $ 700.00	Room + board + $ 150.00

Name: George Washington University Location: Washington, D.C.	Median SAT'S Scores				School Class Rank	Tuition	Living Expenses
	Mathematics		Verbal				
	MEN	WOMEN	MEN	WOMEN			
1969	580	547	575	571	upper 40% of class	$1700 FEES N.A	room & board $1050 to $1150
1972	570		530		upper 40% of class	$2200 FEES N.A.	room & board $1500
Total loss or gain in a three year period					—	+ $500.00	room & board + $350.00

Name: Gonzaga University Location: Spokane Washington	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	men 532 women 494	men 491 women 515	upper 50% of class	$1100	Room + board $ 800.00
1972	488	534	C+ average or better	$1600.	Room + board $ 930
Total loss or gain in a three year period	.up	up		+ $500.00	up $130.00

Name: Harvard

Location: Cambridge Massachusetts

	Median S.A.T. Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	500-800	500-800	upper 10% of class	$ 2000.00	room $ 550 board $ 650
1972	400-800	400-800	UPPER 10% of class	$ 3000.00	room + board $ 1745
Total loss or gain in a three year period	−100	−100	—	+ 1000.00	room + board + $ 545

Name: HAMILTON COLLEGE Location: CLINTON NEW YORK	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	654	628	N.A.	$ 2000 FEES $150	room & board $1000
1972	660	630	upper 25% of class	$ 2550 FEES $250	room & board $1300
Total loss or gain in a three year period	+6	+2	—	+$550 FEES +$100.00	room & board +$300.00

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Name: HooD College Location: Frederick mary land	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	599	600	N.A	$ 1600	Room + board $ 1100.
1972	550	570	upper 40% of class	$ 2250.	Room + board $ 1250.00
Total loss or gain in a three year period			—	+ $650.00	room + board + $150.00

Name: Howard University Location: Washington, D.C.	Median SAT's Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	NA.	NA.	NA.	$ 400.00	room & board $900
1972	NA.	NA.	NA.	$ 700.00	room & board NA
Total loss or gain in a three year period	–	–	–	+ $ 300.00	–

Name: marymount Location: Tarrytown new York	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	543	563	upper 25% of class	$ 1600.	room + board $ 1250.00
1972	519	524	upper 60% of class	$ 2400.00	Room + board $ 1325.00
Total loss or gain in a three year period	- 24	- 39	- 15%	+ $ 800.00	Room + board + $ 75.00

Name: Morgan State Location: Baltimore Maryland	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	N.A	N.A	UPPER 75% 70% average	resident: $140 nonresident $280 fees: $150	room & board resident: $352 non-resident $428
1972	370	350	UPPER 75% 70% AVERAGE	resident: $423 non-resident: $730 fees $150	room & board residents: $823 non-residents: $983
Total incr or % in a three year period.	–	–	——	residents: +$423.00 non residents: +730.00 fees: —	room & board residents: +$471 non residents: +$555

Name: NORTH WESTERN Location: EVANSTON ILLINOIS	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematical	Verbal			
1969	635	605	NA.	$ 1965 fee $60	room & board $ 1000
1972	640	615	NA.	$ 3000.00 NA.	room & board $1250.00
Total loss or gain in a three year period	+5	+10	—	+ $ 1035.00	room & board + $ 250.00

Name: NYU NEW YORK UNIVERSITY Location: NEW YORK, NEW YORK	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	550-600	550-600	average 83%-87%	$ 2000.00 fees. nA	room & board $ 1395
1972	584	590	average 83%-87%	$ 2700.00 fees nA	room & board $ 1800.00
Total loss or gain in a three year period	up34 or down 16	up 34 or down 16	——	+ $ 700.00	room & board $

Name: Oberlin Location: Oberlin Ohio	Median SAT'S Scores				School Class Rank	Tuition	Living Expenses
	Mathematics		Verbal				
	men	women	men	women			
1969	655	646	646	662	upper 25% of class	$ 2000.00 $ 104.00 Fees	Room + board $ 1060.00
1972	636		636		upper 25% of class	$ 2675 $ 170.00 Fees	Room + board $ 1180
Total loss or gain in a three year period	drop		drop		same	+ $ 675.00 + $ 66.00 Fees	Room + board + $ 120.00

Name: Ohio State Location: Columbus Ohio	ACT (COMPOSITE)		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	23		resident upper 67% non resident upper 33%	resident $ 450 non resident $ 1008 FEES $ 145	room & board $ 875
1972	21		40% of class top 1/5 of class	resident $ 720 non resident $ 1050 N.A.	room & board $ 1245
Total loss or gain in a three year period	-2			resident + $ 270 non resident + $ 42	room & board + $ 366.00

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Name: Penn. State Location: university Park Pennsylvania	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	633	552	a "B" average recommended	Residents $ 1540 non Residents $ 2140.	N.A
1972	590	530	a "B" average recommended	Residents $ 2355 non residents $ 3375	N.A
Total loss or gain in a three ear period	-43	-22	same	Residents + $ 815.00 non Residents + $1235.00	N.A

Name: Princeton University Location: Princeton New Jersey	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	710	666	70% upper tenth of class	$ 2150.00 Fees N.A	Room + board. $1100.00
1972	680	648	80% upper tenth of class	$ 3050.00 Fees N.A	Room + board $1395-$1600.
Total loss or gain in a three year period	-30	-18		+ $ 900.00 –	Room + board +$ 295.00 and up

Name: Rhode Island School of Design Location: Providence Rhode Island	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	MEN WOMEN 581 570	MEN WOMEN 570 604	upper 50% of class	$1800 FEES $110	room & board $950
1972	565	590	upper 25% of class	$2430 S FEES $140.	room & board $1175
Total loss or gain in a three year period	+9	+20	up 25%	up $630 FEES up$30.00	room & board up. $225

Name: RICE UNIVERSITY TEXAS
Location: HOUSTON TEXAS

	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	MEN 716 WOMEN 675	MEN 658 WOMEN 673	N.A.	$ 1500	room & board MEN $ 1029 WOMEN $ 1000
1972	686	634	N.A.	$ 2100	room & board MEN $ 1286 WOMEN $ 1307
Total loss or gain in a three year period	lower	lower		up $ 600	room & board MEN + $ 207 WOMEN ✓ + $ 307

Name: Ripon College Location: Ripon Wisconsin	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	Men 583 women 558	men 529 women 567	up 50% of class	$ 2930 covers room and board	
1972	557	520	upper 50% of class	$ 3588 covers all Room and board	
Total loss or gain in a three year period	-1 and down	-12 and down	Same	$ + 658	

Name: Skidmore College Location: Saratoga Springs New York	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	599	615	upper 25% of class	$3150.00 room + board included Fees N.A	—
1972	570	553	upper 20% of class	$ 2800.00 Fees 50.00	Room + board $ 1425.00
Total loss or gain in a three year period	-29	-62	+ 5%	—	—

Name: STANFORD UNIVERSITY Location: STANFORD CALIFORNIA	Median SAT'S Scores		School Score Gain	[illegible]	Living Expenses
	Math	Verbal			
1969	675+	675+	N.A.	$ 1575	room & board $ 600
1972	N.A.		N.A.	$ 2850	room & board $ 1345
Total loss or gain in a three year period				+ $ 1285	room & board $ + 745

Name: St John's University Location: Collegeville Minnesota	Median SAT'S Scores Mathematics	Verbal	School Class Rank	Tuition	Living Expenses
1969	580	526	upper 40% of class	$ 1275	Room + board $ 825.00
1972	570	514	upper 40% of class	$ 1800	Room + board $ 900.00
Total loss or gain in a three year period	-10	-12	Same	+ $ 525.00	Room + board + $ 75.00

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Name: St Marys of the Plains Location: Dodge City Kansas	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	400-450	400-410	70% average	$700	room & board $800
1972	420	420	70% average	$ 1276.00	room & board $874
Total loss or gain in a three year period	Same	Same.	Same	up $ 576.00	room & board up $74

Name: Southern Methodist University Location: Dallas Texas	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	men 579 women 527	men 526 women 518	N.A.	$ 1200	Room $ 500. board $ 600.
1972	558	531	N.A maintain B average	$ 1800	Room ÷ board $ 1140
Total loss or gain in a three year period	—	—		+ $ 600.00	Room + board + $ 30.00

Name: Tuskegee Location: Alabama	Median SAT's Scores		[illegible]	Tuition	Living Expenses
	Math	Verbal			
1969	367	358	upper 50%	$ 700	room & board $ 650.00
1972	339	322	N.A.	$ 1075.00	room & board $ 725.50
Total loss or [illegible] three year period	-28	-25		+ 375.00	room & board + $ 75.00

Name: Tougaloo Location: Tougaloo Mississippi	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	NA.		upper 20%	$ 732 50	room & board $ 575
1972	N.A.		upper 20%	$ 1000.00	room & board $ 800
Total loss or gain in a three year period			Same.	up $ 268	room & board up $ 225.

Name: University of Arkansas Location: Fayettville arkansas	Median SAT's Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	Sat or act not required		C average or better	Residents $250. non Residents $400	Room + board $630-.775
1972	515 act 22	485	top 40% of class	Residents $400 non Residents $930	Room + board $830
Total loss or gain in a three year period	—	—	—	Residents + $150. non Residents + $530	Room + board + $55 and up

Name: UNIVERSITY OF CHICAGO Location: CHICAGO ILLINOIS	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	665	672	n.A	$ 1980	room & board $ 1240
1972	673	650	n.A.	$ 2625	room & board $ 1400
Total loss or gain in a three year period	+8	-22		+ $ 645	room & board + $ 160

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Name: University of Colorado Location: Boulder Colorado	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	N.A.	N.A.	upper 2/3	residents $186 non residents $560	room & board $ 850
1972	N.A.	N.A.	upper 1/2	residents $552 non residents 1820.	room & board $ 1030
Total loss or gain in a three year period			down	residents up $360 non residents up $1260	room & board up $ 200

Name: University of Conneticut Location: Storrs Conneticut	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	560	520	N.A	Resident $190.00 non Resident $590.	Room $320-350 board $650-850
1972	588	549	N.A	Resident $290. non Resident $690.	Room $420-500 board $610
Total loss or gain in a three year period	+28	+29	—	Resident + $100. non Resident $100.	Room -+100 board vary.

Name: University of Delaware Location: Newark New Jersey	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	men 570 women 520	men 510 women 530	a or B average	Residents $350 non Residents $820.	Room + board Residents $805 non Residents $855
1972	563	533	a or B average	Residents $475 non Resident 1350	Room + board Residents $1000. non Residents $1100.
Total loss or gain in a three year period				Residents + $125. non Residents + $570	Room + board Residents + $195.00 non Residents $209.00

Name: UNIVERSITY OF FLORIDA Location. GAINESVILLE FLORIDA	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	580	570	70% average	resident: $300 non-resident: $750	room & board $900
1972	570	550	70% average	resident: 570 non resident: 1620	room & board $1200
Total loss or gain in a three year period	-10	-20	—	resident: +$270 non-resident: +$876	room & board + $300

Name: UNIVERSITY OF ILLINOIS Location: URBANA-CHAMPAIGN ILLINOIS	ACT (Composite)		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	26		85% top 1/4 class	resident $170 non resident $ 760	room & board $ 935
1972	27		85% top 1/4 class	resident - $ 476 non-residents $ 1486	room & board $ 1100
Total loss or gain in a three ear period	+ 1		—	residents - + $ 326 non-residents + $ 736	room & board + $ 165.00

Name: UNIVERSITY OF MARYLAND

Location: COLLEGE PARK MARYLAND

	ACT (COMPOSITE) Mathematics	Verbal	School Class Rank	Tuition	Living Expenses
1969	23		70% average	resident $366 non resident $816	room & board $790 - $890
1972	515	500	70% average	resident $589 non-resident $1289	room & board $1080
Total loss or gain in a three year period	—		—	Residents + $223.00 non residents + $473	room & board + $190.00

Name: University of Michigan Location: Ann Arbor Michigan	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	621	576	upper 20%	resident $350 non resident $1000	room & board $895 - $1010
1972	608	566	upper 20%	resident $660 non resident $2190	room & board $1236
Total loss or gain in a three year period	-13	-10	Same	resident up $310.00 non residents up $1190.00	room & board up $341.00

Name: University of Minnesota Location: Minneapolis Minnesota	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	N.A.	N.A.	non residents top 25%	residents $5 per quarter hour non residents $8 per quarter hour	room & board $780
1972	N.A.	N.A.	non residents top 25%	residents $572 non residents $.1140	room & board $.1170
Total loss or gain in a three year period	-	-	same		room & board $ up 390.00

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Name: University of Oklahoma Location: Norman Oklahoma	ACT		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	21		upper 3/4 class	resident $12 per semester hour non resident $30 per semester hour	room & board $800
1972	22		upper 1/2 class	resident $420 non resident $1200	room & board $880
Total loss or gain in a three year period	up 1		down.		room & board up $80

Name: University of Rhode Island Location: Kingston, Rhode Island	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	527	490	upper 50% of class	Residents $ 341. non Residents $941	Room + board $ 800.00
1972	533	492	upper 50% of class	Residents $614 non Residents $1514	Room + board $ 1200.00
Total loss or gain in a three year period	+4	+2	Same	Residents + $273 non Residents + $573.00	Room + board + $ 400.00

Name: UNIVERSITY OF TEXAS

Location: AUSTIN TEXAS

	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	559	535	NA.	resident: $100 non resident: $400 FEES: $56	room & board $1066
1972	562	527	NA.	resident: $50 for first 12 semester hours. plus $4 each add. non resident: $40 per semester hour FEES $96	room & board $1050
Total loss or gain in a three year period	+3	-8	NA.	– FEES: + $40	room & board – $16.00

Name: University of Vermont Location: Burlington Vermont	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1963	men 530 women 590	men 540 women 560	N.A	Residents $600. non Residents $1800.	Room + board $870.00
1972	580	540	upper 40% of class	Residents $950 non Residents $2400	Room + board $1000.00
Total loss or gain in a three year period	—	—	—	Residents + $350. non Residents + $600.00	Room + board + $130.00

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Name: University of Washington Location: Seattle Washington	Median SAT's Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	586	556	resident 2.5 non residen 3.0	resident $105 non resident $315	room & board $915
1972	580	529	residents 2.5 non residents 3.2	resident $564 non resident $1581	room & board $1005
Total loss or gain in a three year period	-6	-27	residents same non resident +.2	resident up $459. non resident up $1266	room & board up $50

Name: Vaunderbilt Location: Nashville Tennessee	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	639	619	upper 25% of class	$ 1660	Room + board $ 890.00
1972	630	593	Upper 33% of class	$ 2400	Room + board $ 1180
Total loss or gain in a three year period	-9	-22	drop 8%	+ $ 740.00	Room + board + $ 610.

Name: Vassar Location: Poughkeepsie New York	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	(Mathematical	Verbal)			
1969	631	650	N.A	$ 1800 N.A Fees	Room + board $ 1300
1972	600	600	N.A	$ 2700.00 $ 90.00 Fees	Room + board $ 1300
Total loss or gain in a three year period	-31	-50	—	+ $ 900.00 Fees - N.A	Same

Name: Wellesley Location: Wekesley Massachusetts	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1963	673	668	upper 67% of the class. high school average of 70%	$1110.00 75.00 FEES 1185.00 total	Room $360. board $530
1972	640	660	N.A	$3700. includes tution Room + board	N.A
Total loss or gain in a three year period	-33	-8	—	—	—

Name: **Williams**

Location:
Williamstown,
Massachusetts

	Median SAT'S Scores		School Class Rank	Tuition	Living Expenses
	Mathematics	Verbal			
1969	675	640	N.A	$ 1800.00 $150.00 Fees	Room $450 board $650
1972	663	636	N.A	$ 2700.00 N.A Fees	Room $700 board $730
Total loss or gain in a three year period	-12	-4	—	+ $ 900.00	Room + $250.00 board + $ 80.00

Mr. CORSON. I think maybe Dr. Bailey has national data. It is certainly true as far as my university is concerned.

The SAT scores, after going up year after year for many years, have been going down for the applicants. And I think there is no way to tie that to a real change in the ability or quality of the students. I do not see a large number of students or rather I see large numbers but I do not talk with large numbers—and, above all, I do not teach students in a classroom any more—but the young people I do talk to now are, I think I can say with assurance, the most outstanding group of college-age young people I have ever seen. They are mature. They are thoughtful. They are friendly these days, which is an interesting change from 5 years ago.

But it is true that the SAT scores are going down on my campus.

Senator PELL. Is that true with the others?

Mr. BOND. No.

I would like to make two comments. One is that on our campus anyway, it is going up.

Senator PELL. Private institutions are going down and public institutions are going up. Maybe it is because of the expense involved in going to private institutions.

Mr. BOND. I think the other thing is that it seems to me that a larger variety of students are taking these tests now because of increased accessibility of higher education.

We would expect the averages to change, because you are dealing with a different population.

Mr. SMITH. I think a lot, too, depends on the outlook that the students have. They do not feel it is a death struggle now between them and the test. They feel other ingredients have become part of the considerations that may determine whether or not they will get entry into a college, and that sort of attitude of mind is permeating.

Mr. CORSON. One point I might just make is that the level of SAT scores that I was talking about was very high. There's quite a variety in Cornell University in our different colleges, but in our college of arts and sciences, for example, our average mathematics score has been about 700, and verbal in the high 600's or approaching 700. We have been right up in the 90 something percentile of the national distribution. So we are not affecting our quality as we go down from that level, unless we go lots further than we are going now. They are small changes.

Mr. SPALDING. I think we ought not be defensive about that. The association that I am with has a large proportion of the Nation's private colleges, and my own is a private college, and I can say with a little pride that our SAT scores have not gone down.

But it would not be surprising if you were to aggregate all private institutions and your staff found that there was a decrease. They face real enrollment pressures, and so they quite naturally recruit in that way.

They are attempting to be responsive to some modern trends. Therefore, they are changing programs to reach for other markets. They are attempting, because the private colleges started early, to give access to those from poverty levels, to minority students and so forth, and they continue to do that, because there is some real skepticism about reading test scores.

But, because of that, if you are depending on SAT scores as a measure, it would show that they had gone down. There is simply not any doubt that the private colleges are fighting for status standing, enrollments, and it is likely that you will find a good many places where they have, in fact, accepted students of lesser ability. I would not like that to be interpreted to mean that the private colleges lack vitality or are getting worse.

But the fact is, also, that the public institutions, the State colleges and universities, are getting better.

Senator PELL. I recognize that.

Also, there is another fact of life, I think, that the private colleges are always going to the alumni with hands out and, yet, when alumni want to get their sons in, they very often are not admitted.

I think that, again, whether one likes it or not, he who accepts money has an obligation from the source from which he accepts it, whether it is government, alumni, or whatever it is.

Now, this is a completely different subject, but it is one of the things that disturbed us in the Rockefeller hearing—large sums of money—and if they implied sense of obligation.

I think the fact some of the private colleges are doing this is not a bad thing, if you are going to continue to depend on the alumni in bailing them out of the difficult days that are ahead.

I think what is important is that the general level is going up, and that the floor of education, I would hope, is going up in public institutions.

Are there any other comments?

I particularly want to thank Senator Dominick for giving us his whole morning. It was very nice indeed.

Senator DOMINICK. I have five other committee meetings.

Senator PELL. This meeting is recessed until 10 o'clock tomorrow.

[Whereupon, at 12:41 p.m., the subcommittee recessed, to reconvene at 10 a.m., Wednesday, November 27, 1974.]

HIGHER EDUCATION OVERSIGHT, 1974

WEDNESDAY, NOVEMBER 27, 1974

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION, OF THE
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee reconvened, pursuant to recess, at 10:06 a.m., in room 4232, Dirksen Senate Office Building, Hon. Claiborne Pell (subcommittee chairman) presiding.

Present: Senator Pell.

Senator PELL. The Subcommittee on Education will come to order.

Today we are continuing the hearings that we started yesterday which are in the nature of oversight on the health and condition of institutions of postsecondary education.

These hearings are preparatory to any action which the committee will take in the 94th Congress on revision or amendment of the Higher Education Act of 1972.

It is especially timely that we meet today on higher education, for we have just received the President's budget, or so-called recisions on the pending appropriations bill, and we see that there are cuts made for most education programs.

Interestingly enough, more funds were requested for the guaranteed student loan program, because of an increase in the default rate—$83 million is requested—while the very fact that students are turning to the guaranteed student loan program as their main source of student aid is indicated by an increase in request for subsidies of $67 million. This is not to say that the guaranteed student loan program is the subject of today's hearing, but it does point up the fact that the cost of attending postsecondary educational institutions is one of the major problems facing middle-income Americans today.

These hearings will be incorporated into the basic hearings for the coming legislation in the 94th Congress. My own general view is that we should have as little new legislation as possible in order to see whether the provisions of the act of 1972 cannot properly take hold and move ahead without altering and zigging and zagging on our costs.

I am very glad that our first panel of witnesses today include the representatives of religious-oriented colleges, and they include my old friend, Rev. Thomas Peterson, president of Providence College; Dr. Carl Fjellman, president of Upsala College, with whom I have had the pleasure of talking and apologize for any inconvenience I was to him last spring; and the Reverend James Finlay, president of Fordham University.

Maybe you could lead off as you wish and introduce the fourth member of your panel.

STATEMENT OF JOSEPH P. KANE, ASSOCIATE DIRECTOR, ASSOCIATION OF JESUIT COLLEGES AND UNIVERSITIES; REV. JAMES FINLAY, S.J., PRESIDENT, FORDHAM UNIVERSITY; DR. CARL FJELLMAN, PRESIDENT, UPSALA COLLEGE; AND THE VERY REVEREND THOMAS R. PETERSON, O.P., PRESIDENT, PROVIDENCE COLLEGE, A PANEL REPRESENTING RELIGIOUS-ORIENTED COLLEGES

Mr. KANE. Mr. Chairman, I am Joseph P. Kane, associate director, Association of Jesuit Colleges and Universities, and legislative consultant, College and University Department, National Catholic Educational Association.

On behalf of the institutions here today, I want to thank you for the opportunity to comment on what the Washington Post today euphemistically called institutional stability.

I intend to say nothing myself, and since you have introduced the panel, I think we can immediately begin with Father Peterson.

Father PETERSON. Mr. Chairman, may I begin by expressing my gratitude to the members of the Senate Subcommittee for this opportunity to testify before them concerning the present economic status of Providence College and the impact of this financial situation upon scholarship assistance and other related academic areas.

I bring greetings from our college in a very special way to our distinguished Senator from Rhode Island, Senator Pell. By your consistent concern, Senator, for the complex problems of higher education, you have shown yourself to be not only an effective leader, but even more a true friend.

Providence College is a private Catholic liberal arts institution. Although the greatest emphasis of our academic offerings are in the area of undergraduate instruction, we also offer master's degrees in the areas of biology, physics, chemistry, history, religious studies, business, educational guidance, educational administration, and special education.

The chemistry department also offers a program of study leading to the Ph. D. degree. The School of Continuing Education, which operates during the evening hours, is likewise very much a part of our college community.

Providence College has been in existence for a little over 50 years and was founded by the Dominican Fathers.

Providence College has an undergraduate enrollment of 3,081. We have 659 graduate students and 1,612 students enrolled in the School of Continuing Education.

Contrary to what appears to be a national trend in private institutions of higher learning, the enrollment at Providence College has seen an increase during the academic years from 1971–72 to the present. During the academic year 1971–72, we had an undergraduate enrollment of 2,412 students. In 1972–73, the enrollment increased to 2,577. This increase continued in 1973–74 when our enrollment reached 2,755. The enrollment rose again this year to our present figure of 3,081.

This increase in enrollment is due, I believe, to many factors. We have revised our curriculum and have diversified its offerings. We have developed new programs geared to the needs of the times and the particular interests of our students.

Most significant, however, is the fact that, 4 years ago, Providence College changed from an all-male institution to a coeducational one. Obviously, the opening of our doors to women students extended significantly the base of our sources of application and, consequently, led to an increase in enrollment.

While the coming of the coeds added to our income from tuition, so also it added additional expenses, occasioned the renovation of the buildings to be used as women's dormitories, the expansion of our faculty, and the initiation or supplementing of academic programs of particular interest to coeds; for example, music, art, special education.

We, at Providence College, have made every effort to hold down as much as possible the costs to our students of room, board, and tuition. A high percentage of our students come from middle-income families, the group all too often in great economic jeopardy in paying college tuition bills. This group is not affluent enough not to have to worry about the cost of their college education and not poor enough to qualify for meaningful economic assistance from Federal or State sources.

Since the academic year 1971–72, we have been forced to make some quite modest increases in the cost of tuition, room, and board. In the academic year 1971–72, our cost of tuition was set at $1,950. In 1972–73, it rose to $1,985, an increase of only $35. In 1973–74, the tuition increased by $100 to a total of $2,085. Another $95 was added for the following year so that our current tuition rate is $2,180.

The rates for room and board have also increased at a modest, but steady, rate since the academic year 1971–72. In that year, the cost of room and board was $1,180. The following year, the amount was raised only $20 to a total of $1,200. This amount remained unchanged for the academic year 1973–74. During the academic year 1974–75, the room and board costs were set at $1,350.

The dramatic effects of inflation have impacted higher education, at least, to the same degree that they affected the other areas of our society. This fact is, perhaps, demonstrated most clearly in the matter of the necessary and constant increase in the amounts paid in faculty salaries.

Before continuing these statistics for you, I would like to point out to you that there are, at Providence College, 83 Dominican priests in either teaching or administrative positions who contribute their services and are, therefore, unsalaried. The salary figures refer, therefore, only to the lay members of the faculty.

In the academic year 1971–72, $1,302,065 was paid in salaries to 111 faculty members; in 1972–73, $1,469,290 was paid to 119 faculty members; in 1973–74, $1,678,080 was paid to 124 faculty members; and in the present academic year, $1,923,427 will be paid in salaries to 130 faculty members.

During the current academic year and in the year that preceded this one, the faculty was given a 10-percent salary increment. In 1971–72 and in 1972–73, the increment was significantly more modest. In each of these 4 years, financial justification could have been found for giving no salary increment at all. The administration of the college believes, however, that it was necessary to make faculty salaries a primary priority when the budget was being constructed.

Like the college itself, our faculty members also had inflationary bills to pay, and we felt that we had a strong moral obligation to help them to meet their own constantly rising financial obligations. For this reason, a 10-percent increase was given to faculty members during the past 2 academic years. There is serious doubt as to whether or not the college can continue even to approach a continued cost-of-living increment for our faculty.

The salaries of staff personnel also increased significantly during the past several years. In 1971, salaries for staff personnel were increased 4 percent, not to exceed $500; in 1972, the increase was 5.5 percent; in 1973, these salaries were increased by 7 percent, not to exceed $1,000. During the current year, the salaries were increased by 7 percent. Here again, there is no evidence that the college will be able to continue to meet the constant requests for higher salaries occasioned by the inflationary spiraling of costs.

Severe increases in food and fuel costs have likewise seriously challenged the possibility of a balanced budget. Last year, we paid $150,000 more for using 14 percent less fuel; in 1973, the cost of food was $584,000; and in 1974, the cost was $690,000, an increase of 18 percent.

Our increases in room and board fees have in no way been able to balance out the skyrocketing food and fuel costs. This is, perhaps, best demonstrated by the devastating statistics that the cost of fuel rose 214 percent for the academic year 1973–74 over what it had been for 1972–73, and we estimate that this year the price of fuel will be 315 percent higher than what it was just 2 years ago. We also estimate that the cost of power will be 214 percent higher than just 2 years ago.

The cost of maintenance has also climbed significantly over the past few years. We estimate that our maintenance costs are up 30 percent over what they were last year. This increase must also be coupled with the fact that a great deal of the hardware needed for repair projects is all too frequently of a far inferior quality when and if it is available at all. The physical plant budget for 1971 was $1,164,344. The physcial plant budget for this year is $1,502,418.

These figures speak for themselves, and their message becomes more eloquent when one considers the fact that many very necessary construction and maintenance projects remain undone because we simply cannot afford them.

The library is the learning center of any college or university. Here, too, inflation has hit hard and has necessitated severe budgetary cuts. Our total library budget for this year is $320,334. Of this amount, $129,100 was spent on the actual purchase of books. This amount is about 50 percent of what it should be. The cost of periodical subscriptions has increased 17 percent in 1 year, and the price of books increased at a rate of about 15 percent per year. The necessity of balancing the overall budget of the college seems perennially to make it necessary to slash the budget of the library.

Inflation has also had its impact on student financial aid at Providence College. Inflation forced the college to increase the student financial aid budget by almost $89,000 in a period of 1 year. In academic year 1973–74, from our limited resources, Providence College budgeted and spent $804,647. This student financial aid support was used for those in verifiable need of aid. It does not include $1 of State or Federal assistance. It is in addition to other sources of funding.

In the current academic year, the amount of student aid paid for out of the revenues of the college rose substantially to the amount of $893,542. In order to bring this about, other very important parts of the budget were cut back or eliminated, ordinary patterns of reasonable growth were set aside, and interim measures devised.

Note should, I believe, be taken of the fact that the economic health and stability of Providence College is not without its effect upon the economic and academic climate of the city of Providence and, indeed, the State of Rhode Island.

Providence College serves the people of Rhode Island. More than 50 percent, or about 8,000, of the college's alumni live or work in Rhode Island.

Particularly striking are the fields of endeavor to which these men and women have devoted themselves. One-third of the State's physicians attended Providence College; one-third of the State's dentists; one-fourth of the State's lawyers; one-third of the State's secondary schoolteachers. In addition, some 40 percent of Providence College's graduates enter business and industry, often in Rhode Island.

In short, no matter what one does in Rhode Island—work, go to school, seek health or legal services, have business with the government, public utilities, or banks—he will find himself at some time relying on the knowledge of someone who attended Providence College.

Nor are the contributions of the college exclusively centered in what she has given to her students in the past. Roughly half of the present college enrollment is from Rhode Island. The college is preparing Rhode Island's youth for the future of Rhode Island.

It is also serving the educational needs of those who wish to pursue a course of studies in the School of Continuing Education. Here, an almost exclusively Rhode Island student population work for college degrees, improve their skills in their respective careers, or simply come to enrich their lives as a result of the opportunities available in the college's night school offerings. The graduate school, too, draws mostly a Rhode Island clientele. Some 600 students pursue advanced degrees in history, business, religious studies, and the sciences.

The facilities of Providence College are open to neighboring institutions and organizations. The children of Robert F. Kennedy School enjoy the regular use of our skating rink. The United Way, League of Women Voters, State department of education, School Superintendents' Association, and other educational and charitable organizations are frequent users of our meeting rooms, lecture halls, and assembly places. In these same rooms, educational and cultural offerings are open to the people of Rhode Island on a regular basis.

Most recently, several thousand people came to Providence College to participate in a weeklong celebration in honor of St. Thomas Aquinas. This celebration included a concert from our own philharmonic orchestra, a lecture by Bishop Fulton J. Sheen, and other social and cultural events.

The college, as an institution, contributes greatly to the community', economic well-being. Our annual operation budget is $11.5 millions and some $6.5 million of that is spent by the college in goods and services purchased locally; $4.5 million is for payroll for faculty and staff members who pay Federal, State, and local taxes, own homes or rent apartments, buy food, clothing, and so forth, mostly right here in Rhode Island.

Out-of-State students spend money in the Providence area. This expenditure ranges from the renting of apartments, buying of food, purchase of utilities, to the ordinary living and recreational expenses of the average college student. The average annual spending per student this year is estimated at over $900, bringing to about $2.75 million the value of the student market to Rhode Island business.

In the past 10 years alone, the college has spent more than $15 million in new construction, a figure that has had an important effect on the local economy. Viewed in the proper perspective, the college is an enormous economic and academic asset.

The Higher Education Amendments of 1972 have had their effects upon Providence College the same as they have had upon other comparable institutions. The actual effect in our case, however, has been relatively minor.

The addition of the BEOG funds was offset by the low SEOG spending authorization. The BEOG program is becoming more and more time consuming, and there is no compensation for the work done by the institution.

Revised bank loan regulations have reduced administrative burdens for financial aid officers and opened the possibility to more students for this kind of borrowing. Tight money, however, is making loans harder to get in some States; for example, Massachusetts. The potential for the financial aid programs is good, but fuller funding and a more equitable State distribution formula is needed.

If I were to be permitted some recommendations concerning the Higher Education Amendments of 1972, I would like to make the following suggestions:

(1) That an allowance of 2 percent be granted to institutions for expenses connected with the BEOG program.

(2) That a single needs analysis system be created for all financial aid programs and that, in some way, room be left for unusual circumstances that are verifiable and cause major changes.

(3) That a revision be made of current State distribution formulas for Federal college-based programs of financial aid.

(4) That the practice of forward funding be begun in order to avoid the uncertainty and even chaos which results for financial aid officers from delayed notice concerning actual levels of funding which ultimately are to be available.

(5) Fund programs at levels that will discontinue the year-to-year fluctuation of the dollar amounts received. The average award in the BEOG program seems to "flip-flop" from year to year, thus confusing the students as they plan for future educational costs.

(6) The half grant of half-of-costs factor should be maintained in the BEOG program.

(7) The three campus-based programs should be sustained to allow flexibility in student aid.

(8) Investigation should be made to discover some way of providing financial assistance to cover the added costs of those students not funded by Federal programs.

(9) Special educational incentive programs for minority groups should be established or expanded.

(10) Ways should be developed to deal with the serious general problem created by the allocation of funds to proprietary schools.

(11) Provision should be made for the expanded transferability of allocations between the SEOG and the work-study programs. This transferability is now limited to only 10 percent.

(12) Federal incentive programs should be developed to diminish the tuition gap between the public and the private sectors of higher education. The States of New York and New Jersey already have State aid programs of this type which might well serve as models for Federal programs.

(13) Further investigation should be made concerning arguments which strongly favor the need for institutional aid.

(14) The present formula in the education amendments is too complex and should be simplified. The present cost of education formula seems to be somewhat biased against private colleges and to favor public institutions.

A 10-year development program, which includes a great deal of student input, is currently being developed at Providence College for implementation in 1975. Among the academic goals of this program are expansion of aid to underprivileged students; a major enlargement of the work in continuing education; the development of computer-assisted instructional facilities; a growth in interdisciplinary programs and opportunities for individualized career models; greater flexibility and variety in curriculum structures; growth in funding of the existing program of the college for institutionally supported faculty research; bilingual education and social work programs; and the addition of opportunities for study in such areas as the health sciences, earth science, and ecology.

These and other goals express the needs and interests of the student body as presented through the academic affairs committee of the student congress and the existing departmental student-faculty committees. They also reflect the expressed views of alumni and leaders of the business and industrial community in the area we mainly serve.

The realization of our goals obviously depends upon our ability to fund them adequately. Our endowment is small; our major source of income is tuition; and the vast majority of our alumni are in the middle-income groups.

In spite of an accumulated deficit, we have, by careful management, been barely able to reduce that deficit and balance our budget for the past 3 years. But this has been done, in part, by major cuts in such vital areas as the library research funding, needed physical maintenance, and further plant development.

Classroom and faculty office space are in very short supply; programs in business, art, music, drama, computer science, geology, special education are limited severely by a lack of physical facilities.

Major interdisciplinary general education courses are overcrowded and badly understaffed. We believe that while we do show positive trends in terms of financial strength, we can demonstrate that we are now at a point at which we do require a large input of Federal funds to move us rapidly into the future mainstream of higher education.

Thank you.

Senator PELL. Thank you very much, Father Peterson.

I know particularly well the contribution that Providence College makes in our own community.

You very justly point out that the welfare of Providence and Providence College are very much intertwined. Just as the plight of colleges is very much the plight of all of our people.

Dr. Fjellman of Upsala College.

Dr. FJELLMAN. Mr. Chairman and members of the subcommittee, I, too, appreciate the opportunity to appear before you.

I did not come as an expert in the matters under consideration by your subcommittee, certainly not by comparison with other people in the education field, some of whom have, no doubt, testified before you. My purpose is to share with you the recent experience of one college, an institution not unlike many others in this country. Your willingness to hear testimony from individual but representative institutions is particularly gratifying.

I know that you have heard testimony from representatives of educational associations of which my college is a member. I would like you to know of my personal confidence in these associations and their spokesmen. I am not aware of any of my opinions on matters of concern here being different from those views held by the associations and, for that reason alone, it is unlikely that you will hear anything from me that adds to the store of information already made available to you.

Most especially, I share their concern for the well-being of all institutions of higher education, public and private.

I represent Upsala College, located in East Orange, N.J.

What is the current state of health of my institution? Since I cannot expect many of you to be familiar with Upsala College, let me begin, as a medical examination usually does, with such externals as age and size.

Upsala is in its 81st year, its 50th on the present campus in East Orange. The college works in 28 buildings on a campus of approximately 50 acres. Upsala is a liberal arts college, offering programs leading to the bachelor of arts and bachelor of science degrees, with the usual variety of majors and concentrations in the humanities, social sciences, and natural sciences.

The college operates on a semester calender, with optional January and summer terms. The present enrollment is approximately 1,213 full-time students, 54 part-time students in the day sessions, and 436 part-time students in special programs and evening courses. These are the neutral facts about the college, to which I would only add that the buildings, equipment, and library resources are not only entirely adequate in quantity but of a fine quality.

At the present time, the significant measures of institutional health appear to be student enrollment and the condition of the budget. On both counts I can give reasonably encouraging reports.

The head count of students is up this year over last year by a modest amount, and the budget has been balanced for the past 3 years. In fact, during those 3 years, the previously accumulated current operating fund deficit has been reduced by over $100,000.

The enrollment gains this year have been due, in large part, to our tapping of new student sources, notably women, beyond the normal college age. The special benefit to us has been the fact that these students have been attracted to programs that did not require extensive or expensive innovations, but simply the adapting of our customary offerings in the arts and sciences to the needs and the interests of these new groups.

Budget balancing has been accomplished by careful management of limited resources, cutbacks in personnel, and, in general, the stringent measures that we are all becoming accustomed to these years. In addition to these signs of health, a modest capital fund appeal is moving very well.

We should not, however, be falsely encouraged by these signs of health. I feel reasonably healthy myself at the present time, but if I knew I were to face a starvation diet next year, I would be ill advised to rejoice complacently in my present well-being.

It is in such a situation that Upsala finds itself. We have made adjustments in recent years, including this year, that are of the once-only kind. We have had to take these actions in order to balance the budget. Modest reserves have been eaten up.

There will come a point at which the most careful management will not be able to derive adequate sustenance for the institution from diminishing resources. The kind of question we must face is this, will the environment provide adequate nourishment for private colleges in the coming years, or even next year?

Consider our plight as of this current fall semester. We had a small increase in the total number enrolled, and this was good news indeed. But we discovered that these students brought with them greatly increased financial need. We make every effort to meet the financial needs of those qualified students who wish to study at Upsala, because we want the students who want us and are qualified for admission.

The result this year was to face financial need for our students of $113,000 above that for which there was financial aid funding. One of the reasons for this difficulty was the lack of information about the BEOG awards at the time of registration. Some of the $113,000 will be met by these awards, but there will remain what for us is a large amount of bona fide financial need on the part of our students for which neither Federal, State nor institutional resources make provision. By near-desperate measures, we expect to operate in the black this year also, but it will be extremely difficult, and we see no way in which we could adjust to a similar need the following year.

Nearly two-thirds of our students, approximately 65 percent, require financial assistance in order to attend Upsala. Many of these would be unable to consider Upsala if it were not for Federal and State student assistance programs.

We have carried on an intensive campaign during the past year to try to make high school students aware of the fact that financial aid resources are such that they may very well be able to consider a private college. These students themselves are often surprised to learn this.

The Office of Education could provide an extremely valuable service to private colleges by assisting with such an information campaign. If the federally funded student assistance programs are intended to extend the access possibilities for young people, it would be entirely consistent with this purpose to propagandize directly the possibility of attending private colleges by students receiving such assistance. This is not just a self-serving matter for the college.

The greater the options are for the college-going student, the better chance there is of a good match between the student and the institution, and this could help significantly in meeting the dropout problem. Students who drop out are often saying that they have not discovered at their college or university that which they were seeking when they decided to pursue a higher education. This does not mean that what they were seeking cannot be found in a college or university, but only that the one they happen to attend is not meeting that need.

We have known of remarkable success at our college with students who had strong high school records, did poorly at another college or university, and then transferred to Upsala. The selection of a college or university is a matter of great importance, and a federally supported program that would stress access possibilities could help all institutions and, more important, could help the students by making sure they are fully informed about the full range of possibilities that are open to them, and thereby reducing the likelihood of their dropping out or failing.

What are the environmental features that will make possible the continued life and health of colleges like Upsala? In addressing this question, I am very much aware that my responses are in no way original and will sound familiar to you.

First, I would stress the importance of decreasing the tuition gap between public and private institutions. One way of saying what is sought through this suggestion is that we ask only for reasonable conditions in the competition for students. Since most of us would prefer not to speak of student recruitment as competitive, it could better be described as seeking to present the prospective student with a fair and reasonable choice.

Second, the best way to decrease this tuition gap is through a program of institutional grants, so that colleges would not have to pass on to students via tuition so much of the cost of education. If efforts are limited to increasing the programs of student assistance in order to make up the tuition gap, we burden ourselves with a task of great size just to find a way of making sure that prospective students know what options are open to them.

Third, it is recognized that student assistance programs will continue to be needed, and I would favor the type of support made possible by the BEOG program. The per student limits of BEOG, however, and the way in which need is determined, work against the private colleges as long as the difference in cost to the student between public and private institutions is allowed to continue as it is.

Even with BEOG aid, the student will most likely have to meet from other resources a tuition expense twice as large at the private college as at the public institution—if there were no BEOG assistance available in the latter case.

Since BEOG funds may be utilized at either public or private institutions, the situation is more extreme.

In New Jersey, a student with an average BEOG award, $750, could apply this toward tuition at a State college and have some funds left over to meet other expenses. If the BEOG money were brought to Upsala, the student would have to find an additional $1,500 to meet the tuition charge. That $1,500—plus—difference is too large for the student whose family resources make her or him eligible for an average BEOG award.

Only tuition costs have been referred to above in order to keep the illustration simple.

The fact that BEOG money can be applied to living costs also further complicated the situation and works still more to the disadvantage of the private institution.

If the intent of the BEOG program is to widen access for the students, much would be gained by distinguishing clearly between educational costs and living costs. The latter could appropriately be met through a welfare type program.

In sum, our present situation at Upsala College is quite good, but unless major changes are made in funding sources, the future looks bleak indeed. I believe the health of Upsala has already been measured effectively by the trying years we have just been through, which years have already claimed the lives of a number of private colleges.

We are grimly reminded of the fact of institutional mortality. We need all possible help in identifying those factors that can nourish and sustain the life of private colleges, and in the identification and elimination of those conditions that lead to weakening and death. Our society has brought into existence both private and public institutions of higher education, and has nourished both types reasonably well over many years.

The health of the country requires that this combination of diverse but mutually healthy institutions be perpetuated. I join the many who commend you for your efforts to work toward the realization of this goal.

There are a number of attached documents which give more specific information about finances, enrollment data, family income data of our students, and the BEOG program at Upsala.

Senator PELL. Thank you, Dr. Fjellman, for your statement and all your contributions to education.

[The documents referred to follow:]

UPSALA COLLEGE

FORM U. C. [illegible]

INTER-DEPARTMENTAL MEMORANDUM

TO: Dr. Carl Fjellman

DATE: November 25, 1974

FROM: William H. Walton, Treasurer

SUBJECT: Financial Information for Senate Sub-Committee

The one money source that helped keep Upsala College solvent was the increase in financial aid funds in 1971-72 from State and Federal sources. Unless this aid is maintained, and increased to reflect the rise in inflation, we will be in serious difficulty in a very short time. Our very nature - as a non-profit institution - prohibits us from building up large surpluses, as as business does to weather hard times - and these are hard times. A college is people, and with an inflation rate of over 12% this year, it is extremely difficult to stay even, let alone increase salaries for promotions, etc. We operate at a faculty salary cost of less than 75% of those at state institutions but we still can not meet salary improvement requirements.

1. Enrollment trends: on the decline, with some evidence of levelling off.

    a) Effect of inflation on tuition: ours must rise while public college tuitions tend to remain stable.

    b) Effect of a recession economy: drives students to low-cost schools.

    c) Financial aid funds have increased substantially but still have not kept pace with the needs of the students.

    d) Effect of stock market decline on institutional investment portfolios: real and paper losses in endowed scholarship funds.

2. Tuition revenue levels

	Student Tuition Revenue	Tuition	FTE Day Enrollment (Average-2 semesters)
1975-76	$	Est.$2500	
1974-75	$3,174,000	$2250	1168
1973-74	3,106,000	2100	1221
1972-73	3,329,000	2100	1290
1971-72	3,449,000	1990	1388
1970-71	2,843,616	1880	1333
1969-70	2,798,166	1700	1298

3. Impact of inflation

a) The College is unable to meet the needs of faculty and staff for salary increases . . . actually froze all wages in 1973-74.

b) Cost of keeping the College open increases every day:

1. Paper costs are spiraling up
2. Supply costs are increasing as fast as inflation
3. Food costs to resident students are increasing
4. Utility costs doubled in one year

Our budgets have been held the same in the non-salary areas for the last three years with a resulting decrease in available supplies and services.

The Library budget for book purchases has been held at the same amount for several years. Book prices have increased resulting in the purchase of fewer books. Over a period of time this will result in a less adequate library.

c) The expected additional funds to meet the new College Scholarship Service need tables for 1975-76 are expected to increase the need for financial aid by 18%.

The State of New Jersey is in somewhat of a budget crunch itself. If the State should decide to decrease institutional grants which were made in prior years to keep educational costs (tuition) low, this would mean an increase in tuition to cover the deficit plus an inflationary increase. This would undoubtedly result in sharply reduced enrollment.

Help is especially needed at the middle income level.

4. NDSL past due - 19.2% of borrowers in repayment status

The rate of defaults and past due accounts makes clear the need for more grant funds, and Work/Study funds, and less reliance on loan funds.

ENROLLMENT TRENDS

Following the student crunch of the early to mid '60s when our enrollment reached its post-Korean war high, freshman enrollment dropped rather sharply to a low of 256 in 1968. Freshman enrollment peaked again in 1971 and dropped sharply to 332 in 1972. Our freshman class size appears to have stabilized at that level. However, several trends have emerged. We are attracting fewer students from other states, more students from the immediate area, fewer women and more minority students.

	1967	1968	1969	1970	1971	1972	1973	1974
MEN	139	136	134	170	193	182	165	193
WOMEN	163	120	157	204	211	150	161	134
TOTAL	302	256	291	374	404	332	326	327
New Jersey	199	172	201	271	316	271	281	284
Out of State	103	84	90	103	88	61	45	43

FRESHMAN MINORITY STUDENT ENROLLMENT

	MEN	WOMEN
1971	5.4	5.1
1974	10.0	27.0

FAMILY INCOME DISTRIBUTION FOR CLASSES ENTERING IN 1971, 1973 AND 1974*

	1971		1973		1974	
	%	Cum. %	%	Cum. %	%	Cum. %
Under $ 6,000	14.0%	14.0%	9.5%	9.5%	14.0%	14.0%
$ 6,000 - $ 7,999	9.5	23.5	6.5	16.0	5.0	19.0
8,000 - 9,999	12.0	35.5	6.0	22.0	9.0	28.0
10,000 - 12,499	17.7	52.9	20.0	42.0		
12,500 - 14,999	14.5	67.4	13.5	55.5		
15,000 - 19,999	14.5	81.9	14.0	69.5		
20,000 - 24,999	8.3	90.1	12.0	81.5		
25,000 - 29,999	4.1	94.2	5.3	86.8		
30,000 - 34,999	2.7	96.9	4.2	91.0		
35,000 - 39,999	1.5	98.4	2.0	93.0		
40,000 - 49,999	3.8	101.8	2.8	95.8		
50,000 - Over			3.0	98.8		

*Student-reported income figures. 1971 and 1973 information from ACE Freshman Characteristics Survey. 1974 information from financial aid files.

BEOG AT UPSALA

The BEOG program has been beneficial to the College during a period in which our student population has changed. With increasing tuition and room and board charges during an inflationary period, there are fewer students willing and/or able to pay their own way. We have hypothesized that many of these students are now attending public institutions. With the availability of BEOG, an increasing number of low income students are enrolling at Upsala, replacing middle and upper-middle income students.

While we have benefited from the program, we see problems with the present system which work to the disadvantage of the high cost private institutions in the northeast:

1. The program does not take into account regional differences in cost of living. Located in the highest cost of living area, we find that only the poor are eligible for aid. However, in low cost of living areas, middle income families (by local standards) qualify for BEOG.

2. The program favors the student attending the public institution. To illustrate my point, I will compare educational expenses for a commuting student at Upsala to a local community college:

	Community College	Upsala
Tuition and Fees	$ 300	$2,350
Other Commuting Expenses	1,600	850
	$1,900	$3,200

I might add that tuition and fees have been $300 at the community college since the college opened its doors in 1966. Tuition has increased $750 at Upsala since that date.

The student with the average 1974 grant of $750 at the community college would have all tuition and fees covered with $450 remaining for books, supplies and spending money. If that student elected to attend Upsala, the grant would remain the same and would cover one-third of our tuition and fees. In either case, the student would probably be eligible for additional federal and state assistance. These additional grants would not necessarily reduce the difference in net cost to attend Upsala. The student at the community college would be eligible for a larger monthly check while the same student at Upsala would have a greater percentage of tuition and fees covered.

BEOG At Upsala

For 1975-76 we will find ourselves at a greater disadvantage. Our tuition and fees will again be increased while the average BEOG will be lower. The result will be a higher net cost to attend Upsala and a greater disparity between costs at Upsala and public institutions.

As a partial solution to the above, the legislature might consider a modification in the program which limits BEOG awards to the cost of tuition with the maximum award remaining at $1400 when full funding is achieved. This would parallel our own state scholarship program which provides a basic scholarship grant of $500 or cost of tuition, with the lower figure being the amount of the award. For students attending a high cost private institution, an additional $500 incentive grant is virtually automatic.

I can see several benefits to Upsala:

1. The cost differential will be reduced, putting us in a better competitive position for freshmen and transfers. High need students transferring from two-year public institutions can be expected to transfer to four-year public institutions where they will continue to draw significant monthly checks for personal expenses. The change in the program would reduce the amount of the monthly payment, making it easier for the student to select a college on the basis of programs offered.

2. For various reasons, Upsala no longer attracts many students from outside New Jersey. I believe that students who are eligible for BEOG are enticed to attend local public institutions where the monetary benefits are significant. A change in the program would permit low income students a greater choice of educational opportunities. Many of these students would explore possibilities beyond their state boundaries.

The savings under such a plan might enable the program to achieve full funding, thereby providing maximum grants to qualified students without increasing the budget. Now that the College Scholarship Service has lowered expected family contribution in the needs analysis system, I do hope that serious consideration is given to changing BEOG income eligibility requirements accordingly. Savings from the above proposal may offset the dollars needed to support a larger BEOG population.

Senator **Pell**. The next witness is Reverend James Finlay, president of Fordham University.

Father **Finlay**. Mr. Chairman, I am Father Finlay, president of Fordham University in New York City.

I, too, wish to thank you for inviting me to testify on the subject of this hearing.

I am aware that legislators have been critical, and often rightly so, of the tendency among academics to substitute marathon displays of handwriting for hard facts about the fiscal crisis in higher education. That is why I intend to hold to the 10-minute time limit for my statement, and address myself specifically to your question about enrollment outlook, inflationary problems, the financial situation as we see it, and the relationship of all these to academic health and outlook on the campus today.

My remarks may carry more weight if it is understood that Fordham is operating in the black, and is classified as an institution not in financial difficulty. We do very little boasting on this point, for if it were not for the so-called Bundy legislation in New York State that has, in recent years, contributed annually from $1.4 to $2.6 million in State aid to us—and proportionate amounts to other colleges and universities in the State—we simply would have eaten up our endowment funds and then disappeared.

Inflation has made very serious inroads into this form of aid as well as in our other income sources. Let me be specific about that.

Rather than try to survey the whole inflation picture at the university, here is what has been happening in four vital but representative expenditures areas.

In 4 years, Fordham has experienced a 75 percent increase in its telephone and telegraph, fuel oil, electric and gas, and steam bills, with electric and gas bills almost doubling during that period. This percentage of increase would have been far worse had our faculty and students not cooperated in cutting down by 30 percent the university's consumption of fuel oil and electricity last year.

That restraint has been rewarded within the last month by a 22 percent rate increase announced by Con Edison, the New York utility, and a petition for a 20 percent rate increase by New York Telephone. You will understand why I am almost ashamed to ask faculty and students to shiver a little harder and telephone a lot less this year.

We have tried, with some success, to offset the skyrocketing costs over which we have little control with difficult, but necessary, in-house measures of our own.

In 1968, we experienced a $2 million deficit. Today, we are celebrating—and I have already indicated why celebration is hardly the right word for it—our fifth straight year of balanced budgets. We have made cutbacks in expenditures, and instituted cost control practices that I believe even the most profit-conscious tightly managed corporations would regard as extreme. I can be specific about this also.

Beginning in the spring of 1968, well before the national dimensions of the fiscal crisis in higher education became news, we resolved to hold firm on the size of our faculty, increase its productivity and teaching load, and reduce administrative expense. Since that date, our enrollment has grown from 11,000 to 14,000; we have added a new campus adjacent to Lincoln Center in Manhattan; and our operating costs have climbed 50 percent, most of them inflation generated. But our faculty size has stayed the same, and we have actually cut administration costs by $200,000—in short, doing more with less.

Somehow, in the process, we have been able to help faculty members meet their own inflated cost of living expenses by giving them an increment increase of 9 percent over the last 2 years, and we have been able to hold our tuition increases down to an average 5 percent a year since 1968. So, while Fordham has been hit hard by inflation, we have been doing everything possible to hold it down on our two campuses.

You asked for an evaluation or definition of "financial distress."

We are, fortunately, not among the 54 private colleges and universities in New York State which are forecasting a cumulative red-ink figure of $193 million from 1971 through 1976. Some of those may not survive.

But, further proof of the precarious financial condition of higher education can be found in the fiscal forecast for 40 other schools in our State—Fordham among them—who are listed as not in financial difficulty at the present time by the commission of independent colleges and universities of the State. These 40 hope to report a cumulative $15 million surplus for the same 5-year period. That averages out to $75,000 a year, or $375,000 per institution in 5 years. That $375,000 is almost exactly one-half as much as the increase—not the total bill, just the increase—in light, heat, and telephone costs for Fordham in the last 4 years.

And while our own funds functioning as unrestricted endowments are just over the $2,300,000 mark, that amount accumulated by almost ruthless management of costs and investments, is not enough to cover Fordham's total expenditures for a single month.

With respect to enrollments, I have already noted our increases there, but we do not expect this trend to continue, and we cannot expect additional revenues from that source. Studies recently released by our State office of education show that full-time enrollment for the State has just about peaked, will hold fairly steady through 1980, and then, in the next 10 years, drop about 30 percent from their present level.

This means retrenchment and, in the national priorities examination climate of today, retrenchment is no longer a reprehensible word. We can handle some of it ourselves, with proportionate scaling down of faculty size to correspond to a smaller student body. But institutions also have fixed costs—debt service and plant maintenance being the two principal ones—that are only slightly affected by capacity utilization.

Unless the private institutions can redesign their physical capacities to serve a predictably smaller undergraduate population, many of them are simply not going to be able to operate as economically viable units. The fiscal reserves of most institutions are inadequate for such rescaling, and that is why I respectfully submit that institutional grants—awarded only on the basis of individual institutional need and submitted plans—may be needed from the Federal Government to assist institutions to restructure facilities and renovate and refurbish depreciated and obsolete facilities.

I am acutely conscious that without such enlightened legislation that we already have—the Bundy program, the State student incentive grant program that was fathered by Senator Javits, and the BEOG benefits that is on the books only because Senator Pell was determined to drive that legislation through—our condition would be far, far worse than it is.

With gratitude for these, I must, nevertheless, point out that the arguments for more equitable tuition assistance to students enrolled in, or contemplating enrollment in private institutions, is even stronger than it was 2 years ago, when BEOG went on the books. There are sound hard reasons to support this request.

Even though well over half of our present student body now holds outside employment, we know that 75 percent of all who drop out of Fordham in the middle of their studies say they do so because they can no longer meet the cost of their education. We are receiving not only requests for more tuition assistance from students already receiving it, but fresh requests from those who have not needed it heretofore. We have to say no to most of these, in part because of complying with Government directives to increase our aid to minority students and, in part, because some of our other carefully husbanded funds must be spent administratively to meet affirmative action directives.

In closing, I would like to make one additional point.

The extraordinary attention that private college and university administrations have had to give to weathering the inflationary storms of today, and the extraordinary outcry they have had to make about their worsening finances have seriously eroded the ability of schools to attract significant major gifts to cover general operating needs, as well as promotional and startup costs of new educational programs for adults and other special publics.

Education, a particularly perceptive teacher has said, is the process by which we imagine and create our future. But private education has had, of necessity, to go public with the news that many of its units may not be contributors to that future if they cannot have a higher degree of financial aid, and fast, and this has hurt us badly.

The irony of all this is that our needs are not great. We are not individual Penn Centrals or Lockheeds requiring or requesting massive infusions of public funds. I, for one, remain confident that our elected officials will recognize our proof of responsible management and our need for tuition equalization assistance to reduce the 5-to-1 tuition differential that is making it increasingly difficult for private institutions to compete with the public sector.

Thank you.

Senator PELL. Thank you very much, gentlemen.

Do you have any views about the rough percentage of administrative costs that the Federal programs engender?

Father Peterson, for instance, recommended 2 percent add-on to BEOG because of cost of administering it.

One of the questions raised yesterday was that federally mandated programs, whether for equal access or for aid in one way or another, are causing an increasing financial burden on the institution that they cannot continue to take up.

Do you have any further views on that, any one of you?

Father **Finlay**. I would certainly urge that the Federal Government consider the problems that we face in simply reporting information.

The incessant demand for more and more reports, particularly in the large university, has forced us to increase office staff, administrative staff, and devote, I would judge, in the last 2 years, somewhat in the nature of about a half a million dollars out of our $30 million operating budget meeting costs of this sort.

And there is another aspect of this that I think deserves attention, that as the Federal legislation and regulations have increased, we are increasingly subject to suit.

One of the most dramatic developments has been the increased amount of money and time we and other universities have to spend responding to suits by faculty members who feel that their rights have been violated when contracts have not been renewed or they have not been granted tenure. And this has significantly increased our cost of operation.

Senator **Pell**. For a university like yours with a law school, do you have in-house lawyers or do you have separate legal fees?

Father **Finlay**. No. We have external counsel. We do not use internal counsel at this time. We retain the services of one of the largest firms in the city of New York.

Senator **Pell**. In connection with Federal assistance, the more Federal assistance you get, of course, the more Federal control of your institutions there is, because there is a great deal of truth in the old adage, "He who pays the piper calls the tune."

So it is with religious institutions. You are faced with the problem that the more Federal money you accept, the more the Federal Government gets its fingers into your institution, while the Constitution does mitigate against the Federal Government involvement with your institutions, how can this be resolved?

Father **Peterson**. I think another element of this is that if the procedures for reporting were made more simple, this in itself would diminish some costs. If the procedures were consistent for all federally funded programs, this in itself would be of great assistance.

Senator **Pell**. I think one of the problems there, is that the colleges themselves will not adopt similar cost-accounting systems. If the colleges were to have some kind of uniform system, then I think the Federal Government's approach could be simpler. This is one of the elements we tried to bring in the legislation last time, but we failed.

So I think the fault is on both sides, because your system will be very different from Fordham's or very different from Upsala's. If it were similar, then the Government could be simpler with its forms.

Father **Peterson**. I think some of the forms are so highly complex that it takes so much time, so much staffing to adequately provide the information.

I agree completely with Father Finlay that the additions that are necessary in staffing are significant, and certainly cut into the budget. I agree too on the cost of legal fees.

Senator **Pell**. There is another significant point, and I think you should give us specific examples of forms that you think can be simplified. If you do not have much luck at the Office of Education, then try working through us. We will try to help, because when you can simplify them, I am all for it.

I am thinking specifically of the basic education opportunity grants. I take particular interest in these grants and the form has been somewhat simplified. It is still so complicated I found it very difficult to try to fill out myself. And yet there is a good reason for each of the different points.

I was convinced by the Office of Education that it could not be simplified much more than it is. But if you have specific examples on specific forms, try working with OE, or if not, with us. This committee basically serves as your representative with the Government. We want to make these laws work as smoothly as possible. One thought I have is to leave the present laws virtually unchanged next time around, because they have not really had a full chance to operate, to see how they are working.

Would you generally agree with that, or do you see any more substantial changes that you think should be made?

Father **Peterson**. I have made some suggestions in my statement.

Senator **Pell**. We are going over each one, but they are not major changes. You do not see any more substantive ones?

Father **Peterson**. That is correct.

Dr. **Fjellman**. I would not like to estimate any dollar figure on the cost of administration of programs related to Federal assistance, but primarily because these have been developing in a period of necessary retrenchment.

The way we notice it is that there are some areas where we simply cannot cut back. It is with some reluctance that we make reductions in staff and personnel, in faculty areas, student services area, but we cannot do it in areas that seem somehow less central to our function as an educational institution.

A good part of that would be traceable, not just to Federal programs, in some cases State programs, and in some cases things that are only tangentially related to it.

For example, the objectives of fair employment practices, and such, I personally, and my institution entirely support, but still to be able to report adequately, to show that we have necessary goals, proper goals, and living up to them, does add a burden of administrative expense.

Senator **Pell**. Incidentally, in your opening statement, Dr. Fjellman, you did not identify what faith Upsala is identified with.

Dr. **Fjellman**. I regret that. I was not told in the first place that we were to be a group representing church-related or religious institutions. I for that reason did not mention it. We are related to the Lutheran Church in America.

Senator **Pell**. You all represent different faiths. Would you have Jewish schools included?

Mr. **Kane**. No.

Senator **Pell**. Just Christian?

Mr. **Kane**. It is ecumenical. It is as broad as we could make it in the limited amount of time we had. I would certainly have liked to have brought in the Baptist, the Methodist, and Jewish, too, and we would have taken the whole morning that way.

Senator **Pell**. You are quite right.

Father **Finlay**. May I respond to two questions that you raised, Senator?

The question of simplification of the BEOG application, the determination of need, you are probably aware of the system used in the State of New York for the applications for the tuition assistance program which was instituted last year, which uses the net taxable income of family.

If the committee could consider that system of determination of eligibility, then perhaps coordinate its program with the State of New York program, I think it certainly would be of assistance to students in New York State.

That is one item.

Second, you spoke of the question of the reluctance of institutions to use common systems of budgeting. To a certain extent we are using similar systems of reporting. I think the American Council of Education standards are those that the auditors used. I do not know about the other institutions here, but I know our auditors hold us rigorously to the standards of the American Council of Education, and there is one difficulty in those standards that I have detected.

I mentioned the need to take care of depreciation of buildings, the deterioration of buildings, and the standards of the ACE do not allow us to budget for depreciation.

Now, I do not know if this committee can do anything about it, but it is simply a fact of life that we cannot get our auditors to allow us to provide for depreciation, yet there is depreciation all around us. We have 100,000 square feet of unusable space on one of our campuses.

I authorized a detailed study of the facilities on that campus, and I know this was done by a consulting engineering firm over the last 6 months, and the bill for maintenance, preventive maintenance on that campus, that they indicated was absolutely necessary, is $6.2 million.

Now, depreciation is a fact of life, and I think we have to start planning to take care of that. Otherwise, not only our campus, but many other campuses are simply going to fall apart under us as we try to meet the budget needs of our operating budgets. Our capital budgets are in bad shape.

Senator **Pell**. I thank you all very much indeed for being with us this morning. We will take your statements very seriously and go through the various points.

Mr. **Kane**. May I request permission to submit for the record later on, before the end of the congressional session, additional information from our schools?

Senator **Pell**. Certainly. The report will stay open for at least 3 weeks.

Mr. **Kane**. Thank you.

Senator **Pell**. Thank you very much.

[The following material was subsequently supplied for the record:]

Summary of Comparisons between Fordham and the other Non-Public Institutions in New York State in Percentages of Current Funds Expenditures and Revenues

Percentages of Current Funds REVENUES Non-Public Institutions, NYS 1972-3

	Major Univ.	Univ. Greater N Y C	Large Colleges	FORDHAM
Educational & General (Total)	86.0	75.2	76.5	87.9
(Tuition & Fees)	(26.3)	(44.1)	(61.2)	(70.0)
Student Aid	3.7	2.6	3.1	5.7
All Other	10.2	22.2	20.4	6.5
TOTAL	100 %	100 %	100 %	100%

Percentages of Current Funds EXPENDITURES Non-Public Institutions, NYS 1972-3

Educational & General (Total)	82.5	71.5	69.8	76.4
Student Aid	6.8	6.2	8.0	13.7
All Other	10.7	22.3	22.1	9.9
TOTAL	100 %	100 %	100 %	100 %

FI.1.74.11

Percentages of Current Funds REVENUES by Source, Nonpublic "Bundy" Institutions, New York State, 1972-73*

Item	Major# Universities	Universities# Greater N Y C	Large Colleges	Fordham#
	Percent of Total	Percent of Total	Percent of Total	Percent of Total
EDUCATIONAL AND GENERAL (TOTAL)	86.0	75.2	76.5	87.9
Tuition and Fees	26.3	44.1	61.2	70.0
Governmental Appropriations	2.4	3.6	2.6	4.4
Federal	0.1	-	0.3	-
State	2.3	3.6	2.3	4.4
Article 129	1.9	2.7	2.1	4.4
Local	x	-	-	-
Endowment Income	5.0	0.3	3.0	0.6
Private Gifts	9.0	4.9	5.2	1.9
Sponsored Research	13.5	8.1	0.8	2.4
Federal	12.1	6.8	0.5	1.6
State	0.1	x	x	-
Local	x	x	0.1	0.7
Philanthropic	0.3	x	0.1	0.1
Other Non-Governmental	0.9	1.3	0.1	-
Other Separately Budgeted Res.	0.8	-	-	-
Other Sponsored Programs	9.8	7.1	1.3	5.7
Federal	4.5	3.7	0.9	3.3
State	0.4	1.4	0.1	0.7
Local	4.4	1.1	x	0.7
Philanthropic	0.1	x	x	0.9
Other Non-Governmental	0.3	0.9	0.3	-

*Derived from computer printout prepared by NYS Education Department, based upon institutions' Fall 1972 NYSE 4 reports to State Education Department and US Office of Education. Some adjustments in Fordham's report to conform to NYSED distributions. x signifies less than 0.1 percent.

#In 1972-73, Fordham University was classified among "Major Universities."

Percentages of Current Funds REVENUES by Source, Nonpublic "Bundy" Institutions, New York State, 1972-73 2

Item	Major Universities	Universities Greater N Y C	Large Colleges	Fordham
	Percent of Total	Percent of Total	Percent of Total	Percent of Total
Educational and General, Continued				
Recovery of Indirect Costs	3.7	5.1	0.3	1.4
Sponsored Research	3.1	2.8	x	0.7
Other Sponsored Programs	0.6	2.3	0.2	0.7
Sales and Services, Educ. Depts.	-	-	x	-
Organized Activities Related to Educational Departments	12.8	0.5	0.4	-
Other Sources	2.7	1.4	1.7	1.4
TOTAL EDUCATIONAL AND GENERAL	86.0	75.2	76.5	87.9
STUDENT AID (TOTAL)	3.7	2.6	3.1	5.7
Federal	1.3	0.2	0.8	2.8
State	0.1	0.2	0.5	1.4
Local Government	x	x	-	0.9
Gifts and Grants	0.4	0.5	0.7	0.4
Endowment		x	0.8	0.1
Other		-	0.2	-
MAJOR SERVICE PROGRAMS	1.0	15.3	-	-
Hospitals	-	15.3	-	-
Other Service Programs	1.0	-	-	-
AUXILIARY ENTERPRISES	9.2	6.9	20.4	6.5
Food Service	1.7	2.3	8.7	x
Residence Halls	3.1	2.7	8.1	3.0
Intercollegiate Athletics	0.2	-	0.3	0.3
Campus Stores	1.6	0.8	2.3	3.0
Other	2.6	1.1	1.0	0.2
TOTAL CURRENT FUNDS REVENUES	100.0	100.0	100.0	100.0

Percentages of Current Funds EXPENDITURES by Purpose, Nonpublic "Bundy" Institutions, New York State, 1972-73* FI.1.74.12

Item	Major Universities	Universities Greater N Y C	Large Colleges	Fordham
	Percent of Total	Percent of Total	Percent of Total	Percent of Total
EDUCATIONAL AND GENERAL (TOTAL)	82.5	71.5	69.8	76.4
Instruction and Deptm Research	26.1	27.1	31.1	36.6
Organized Activities Related to Educational Departments	11.5	1.1	0.6	-
Sponsored Research	17.8	8.4	0.8	2.6
Other Separately Budgeted Rsrch	1.0	x	-	0.3
Other Sponsored Programs	5.5	7.3	1.2	5.1
Extension and Public Service	0.7	0.2	0.7	0.7
Libraries	2.7	2.5	3.3	3.8
Operation and Maintenance of Physical Plant	6.2	8.1	9.4	11.7
Student Services	1.6	3.0	5.4	3.1
General Administration	4.3	3.8	4.9	2.9
General Institutional Expense	2.7	5.5	5.4	9.7
Other Expenditures	2.4	4.5	7.0	-

*Derived from computer printout prepared by NYS Education Department, based upon institutions' Fall 1972 NYSED-4 reports to State Education Department and US Office of Education. Some adjustments in Fordham's report to conform to NYSED-4 distributions. x signifies less than 0.1 percent.

#In 1972-73, Fordham University was classified among "Major Universities."

Percentages of Current Funds EXPENDITURES by Purpose, Nonpublic "Bundy" Institutions, New York State, 1972-73 2

Item	Major Universities	Universities Greater N Y C	Large Colleges	Fordham
	Percent of Total	Percent of Total	Percent of Total	Percent of Total
TOTAL EDUCATIONAL AND GENERAL	82.5	71.5	69.8	76.4
STUDENT AID	6.8	6.2	8.0	13.7
MAJOR SERVICE PROGRAMS	1.0	15.0	-	-
Hospitals	-	15.0	-	-
Other Service Programs	1.0	-	-	-
AUXILIARY ENTERPRISES TOTAL	9.7	7.3	22.1	9.9
Food Service	1.8	1.9	7.7	0.6
Housing	3.4	3.4	9.9	4.5
Intercollegiate Athletics	0.3	-	7.0	1.1
Campus Stores	1.6	0.8	2.3	3.2
Other Auxiliary Enterprises	2.7	1.1	1.6	0.5
TOTAL CURRENT FUNDS EXPENDITURES	100.0	100.0	99.9	100.0

Pertinent Fordham University Statistics

Financial Aid for Minority Students

Of $2.4 million internally generated University funds for Financial Aid to students,
$600,000 is earmarked for minority students in 1974-75.

Scholar Incentive Awards

6320 Fordham students received $1,060,566 in Scholar Incentive awards in 1973-74.

53% of full time Fordham students participate in the Scholar Incentive Program

Undergraduate Enrollment by Income Level

	1970-71	1971-72	1972-73	1973-74	1974-75
From Families with less than $7500 income	1483	1498	1528	1536	1550
From Families with more than $20,000 income	1731	1730	1758	1756	1749

Financial Aid Programs for Fordham Students

Requests For:	1971/2 (No. of Students)		1972/3		1973/4		1974/5	
	Applied	Granted	Applied	Granted	Applied	Granted	Applied	Granted
Grant in Aid	1630	598	1708	604	1847	639	1964	683
Total $ Amount Available: $500,000 per incoming Freshman class from University funds.								
Distribution of Funds	(No. Students)	($ Amount)						
B E O G	--	-----	--	-----	364	$81,160	610	$540,000
S E O G	218	$186,775	246	$182,950	249	$111,475	167	$ 95,627
Work-Study	175	$135,862	190	$110,822	196	$ 95,340	145	$100,500

Although there is transferability of allocations between SEOG and Work-Study funds to a total of 10% limit on received funds, this feature of the program has never been utilized by Fordham University, because monies were required in both programs.

Mr. Scarpelli indicates that none of the financial aid programs administered by his office are available, at present, to part time students.

Loans to Students

(Total number of student borrowers)

	1971/2	1972/3	1973/4	1974/5
Guaranteed Student Loans	6937	7615	8429	9546
Defaults on GSL loans, to date, 8.7%				
NDSL (total $ amount granted)	597 $426,966.	601 $417,329.	412 $206,435	311 $225,000

Growth in PART TIME Enrollment

Fordham University

	1972-73	1973-74	1974-75
Full Time Students	8079	8263	7997
Part Time Students	5819	6034	6214
TOTAL	13,898	14,297	14,211

Growth in BUNDY Aid - Fordham University

Year	Dollar Amount Received (Total)
1972	$1,383,600
1973	2,442,600
1974	2,631,000
1975 (projected)	2,642,800
1976 (projected)	2,592,000

Evidence from the Fordham University EXIT QUESTIONNAIRE

Students requesting Leave of Absense or Withdrawal from the University are asked to complete a standard questionnaire indicating their reasons for leaving Fordham before the completion of their program.

Students listing FINANCIAL REASONS have increased dramatically:

Year	% of total-listing Financial Reasons
1971	46%
1972	59%
1973	72%
1974 (to date)	75%

Impact of Inflation on LIBRARY EXPENDITURES

From 1950 to 1970 the average annual inflation rate for library materials was 5%, compared to 1.5 per cent for the economy as a whole.

source: Economics of Academic Libraries
by W. J. Baumol and M. Marcus,
American Council on Education, 1973.

Fordham University Libraries experienced an 8% increase in the cost of periodical subscriptions, alone, in the period 1972 - 1974.

	1972/3	1973/4	1974/5
Total Library Budget	$1,081,662	$1,240,603	$1,289,560
Books Expenditures	292,137	358,838	360,429
Periodicals Expenditures	72,204	77,500	84,686
Number of Periodicals Titles Received During The Current Year	3990	3626	3660

(In 1974/75 the Library is paying $12,500. more than it paid in 1972/73, for 330 fewer periodical subscriptions)

Senator **Pell**. Our next panel represents the Association of Independent Colleges and Schools: Richard Fulton, executive director and general counsel, Association of Independent Colleges and Schools; Dana Hart, executive secretary of the Accrediting Commission of the Association of Independent Colleges and Schools; George Brennan, president, Bay State Junior College of Business in Boston; Eugene Axelrod, president, CLASCO, the management company which owns the Washington School for Secretaries and the Computer Learning Center.

Since we are running along as fast as we can, if you have long statements you might care to just summarize them, and I can assure you they will be presented in full in the record.

STATEMENT OF RICHARD A. FULTON, EXECUTIVE DIRECTOR AND GENERAL COUNSEL, ASSOCIATION OF INDEPENDENT COLLEGES AND SCHOOLS; DANA HART, EXECUTIVE SECRETARY OF THE ACCREDITING COMMISSION OF THE ASSOCIATION OF INDEPENDENT COLLEGES AND SCHOOLS; GEORGE BRENNAN, PRESIDENT, BAY STATE JUNIOR COLLEGE OF BUSINESS IN BOSTON; AND EUGENE AXELROD, PRESIDENT, CLASCO DIVISION MCD ENTERPRISES, INC., THE MANAGEMENT COMPANY WHICH OWNS THE WASHINGTON SCHOOL FOR SECRETARIES AND THE COMPUTER LEARNING CENTER; A PANEL REPRESENTING THE ASSOCIATION OF INDEPENDENT COLLEGES AND SCHOOLS

Mr. **Fulton**. Thank you, Mr. Chairman. We do have a formal statement. We have accompanying statements I would like to offer for the record. Mr. Axelrod has a statement that we would submit for the record.

Since I am here in town, and Mr. Hart is here in town, it is my intention that we just really be here after a very quick summary to be resource people and offer Mr. Brennan and Mr. Axelrod the opportunity to share their views with the subcommittee.

One thing we would start off by saying is again we feel that quite often there is a tendency to overgeneralize about the proprietary schools. I notice often the legislation with great detail will talk about State colleges, land grant colleges, and private, and then there is the remark that this includes community colleges also.

In looking over some data in preparation for this hearing, I was really caught up short to find that of our 487 schools in AICS, 122 now offer degrees, which even to me was a startling development. And of course in this alleged universe of 10,000 career schools at the FTC, and I do not know where they got their figures, I suspect our little 487 schools works out to be 4.87 percent of that, and of the so-called 3.3 million students, our 130,000 to 150,000 students are a mighty small group.

And even in our own universe, we are very diverse and sometimes a very divisive group internally.

Over the last 2 years we have attempted to get the sense of the membership through an informal survey. We have included in the attachments the actual compilation of the 1973 and the 1974 survey, which is more current than another set of documents which is a statistical accumulation from the reports that the schools file in March of each year. That is for the previous year. There are several sets of documents which the staff may want to ask, subsequent to these hearings, particular questions on.

But it does appear that based upon our own survey, and those of two publishing companies, that enrollments are up. They are up about 8 to 10 percent. Tuition seems to be increasing, but I think tuition is following just the normal inflationary double digit trend.

As I mentioned, an increasing number of schools are offering degree programs. There is quite an increase in enrollment of GI's, but I suspect that this is in only those institutions that—I cannot document this—that offer a degree program.

There is a great disincentive for a veteran to enroll in a nondegree program. He must be in school 25–30 clock hours a week as distinguished from a degree program where he need only go to school 12 hours a week. The difference between clock hour and credit hour system—the historic fiction that if the student is going to college, you spend 2 hours outside of class preparing for the hour of lecture.

I myself spent much of my undergraduate time with Barnes & Noble Student Tutor for each course. I do not think I spent 2 hours outside of class for every hour in class. But such is part of the class bias I think in vocational education.

One of the most rewarding recent developments is the way in which the professional organizations, such as the National Association of College and University Business Officers and the National Association of Student Financial Aid Administrators have opened their meetings and ranks to representatives of our schools for the Pell Grant Program Administration, and the other student financial programs for which these schools are only newly responsible. There is always a gear up time of a couple of years after the 1972 authorization.

You can pass legislation in 1968, but it is 1970 before it becomes a fact, and so on. And in our 1973 survey we discovered that the schools felt that they were not getting too much help on initiating the programs for which they were newly responsible.

However, the 1974 survey reveals they have been happily served. I think those two organizations are largely responsible for their assistance, in addition to some other very excellent work that the regional offices of the USOE have been doing in this area.

It appears that there is some decrease in the reliance upon the guaranteed loan program. Concurrently there is an increase in the utilization of the so-called college based programs and the Pell Grant program. The GI bill, of course, is a separate set of legislation.

We surveyed the 1202 commissions situation, and we found, without getting into the question of being representative "of" or "from", we found that 23 of the States do provide for representation of proprietary schools. All but two or three really are people in proprietary schools. They are somewhat skewed toward being business school people, though there are a number of trade and beauty school people also in the 1202 commissions.

I realize that the 1202 commissions are not heavily financed, but I think this is one of those things that by the mere fact of their existence and participation goes a long way to recognize and legitimize this somewhat higher to unrecognized area of postsecondary education.

Two sets of regulatory proposals are in the works. One I think is very constructive. As I told the OE, about the GSLP-proposed regulations, I think it is one of the finest examples of the assumption of administrative discretion. I think there is a little bit of fine tuning needed, but I think the proposed regs on the guaranteed student loan program are excellent.

I suppose we may stand apart from some of the people in higher education who, I gather, would be very much opposed to a requirement for a refund policy. We endorse it.

Our only question is what is the formula.

On the other hand, the Federal Trade Commission has come out, based upon what they apparently claim are "regulatory flaws" in higher education legislation which justify their more or less taking over some aspects of higher education legislation, with regard to proprietary schools. Their proposals are very rigid. They provide for no exclusions, exemptions, exceptions. They just class all 10,000 schools together. But then this could be a subject for hearings next year.

At the hearings last September you expressed some concern about what happens to students when an institution closes. The two witnesses here today have both been involved in taking care of students, and I thought it might—if you like, they would be prepared to report on what happened in both situations.

The last page of our statement summarizes what we think might be some lively subjects for hearings next year. And one of the things that I would most respectfully suggest is that we could get some sort of glossary of terms on what do we really mean when we talk about expenditures and costs, and things like that. In that way we could all be using words with a commonly agreed upon set of meanings and contents.

You hear such terms as low-cost institutions, which in fact may have a very high expenditure per student, or you hear about tuition equalization plans, because of Government programs we have to take—this is institution talking—we have to take people who cost more to teach.

Is this really an institutional equalization grant, or is this a payment under some sort of legislative contract? And if that be the case, then we are really talking about a contractual relationship, and not a subsidy.

I think there are many wonderful opportunities for realistic debate next year, and if we are invited back, we would certainly like to make our contribution.

Mr. Brennan is next, of Bay State Junior College, and at the far end is Mr. Hart.

Mr. AXELROD. A number of career schools have performed rescue operations for students involved in a school closing. Our school division has taken over the teaching obligations on 11 different occasions from schools that have gotten into difficulty.

In some instances CLASCO received some compensation, although it was a small fraction of the full tuition. In other instances, none.

CLASCO and many other responsible career schools, which perform such rescue service, did so in the interest of both the student and career education industry. By being there to provide a soft landing for the displaced students, almost always at no out-of-pocket cost to the student, CLASCO and many other responsible career schools enabled the industry to avoid or minimize the bad publicity attendant on the failure of a school.

Although the assumption of the teaching responsibility alone would be sufficient to stave off the bad publicity, CLASCO assumes the full responsibility for such students, including placement assistance.

Another salvage operation occurred early this year when CLASCO assumed the training obligation for 61 students of the Virginia Computer College, which closed shortly after being denied accreditation. Each of the Virginia Computer College students who sought placement assistance has, with CLASCO's help, secured employment in the computer field.

I have attached a report which shows the jobs that the 52 ended up in.

It might be worth pointing out that these students had all paid their tuition in advance at this school, that I said earlier was not accredited. The only income to CLASCO was in the form of the money that the students were able to get back from bonds that the State of Virginia required, and also grants that were available.

Senator PELL. So in other words, the school that took up the slack lost money on this?

Mr. AXELROD. In this particular incidence, we did not lose as much as we had in the past. As I said, we have done this 11 times. In one case we took over 60 students, and this was back in 1970, and we received absolutely no compensation from that.

It is a selfish thing to some extent, because we are trying to minimize the bad publicity, but we do carry through with our obligations to those students, and place them in jobs.

Senator PELL. These are secretarial schools?

Mr. AXELROD. No. This was a computer school that went under. It was in Virginia where we have a computer school.

Senator PELL. How many graduates are employed in the computer business, what percentage?

Mr. AXELROD. Well, this year, in the Fairfax Computer School, we will place close to 500 graduates in jobs in data processing in the Washington area, with 220 some different companies.

Senator PELL. How many graduates will you have?

Mr. AXELROD. That represents about 90 percent of our graduates.

Mr. FULTON. How about your evening classes?

Mr. AXELROD. What Mr. Fulton is getting at is we have a situation that is kind of perplexing to us. I think it is kind of a financial aid dilemma.

The Office of Education has proposed these standards for institutional participants in Federal insurance student loan programs. These standards that they have imposed, to their credit, are for both colleges and universities, as well as career schools. But the proposed standards, particularly in the area of default rates, do not accommodate the fundamental differences in the two types of schools.

A typical career school student is not like the typical college student. He is much more likely to be a minority student.

Should the same loan default standard be applied, the career school would be forced, in order to meet college loan default standards, to make its student body mix similar to that of a college. In other words, if we are going to have the same standard applied to us, it almost forces us to end up with a student body that looks very similar to a college.

The Washington School for Secretaries, to give you an example, has an evening program. There are more minority students that start that program every year then start at the University of Maryland. So, percentage wise, our loan default rate for that group of students is not going to look very good, which, to continue to participate in the program, is going to force us to discriminate, which our conscience and the law says we cannot do.

Senator **Pell**. Then you have other factors.

As you know, your rates of default are very high, I think about 50 percent, 48 percent, according to the projections done by the GAO. I think this is very, very bad, because it means not only a loss to the Federal Government, but it also means that half of the graduates—not the graduates necessarily—half of the people who have taken these loans are starting out in life and going through life, having stolen from the Federal Government, which is what borrowing and not returning it is. I think, psychologically, that is very wrong.

We are faced with a dilemma, not only the taxpayer, but you do not want half the young people going through life with a sense that they basically stole—what you borrow but do not return. This is the other problem we face.

I am all for the work you do. We need so many more graduates of your schools, so many fewer philosophy majors and history majors. We need the skills you are teaching.

The question is, how can we handle this problem without loss to the taxpayer and without loss of the psyche of the individual going through life with the knowledge that he has done something very wrong. If he does not have that knowledge, it is even worse. Do you have any suggestions as to how one can meet this problem?

Mr. **Axelrod**. I think the Pell grant or BOG grant, if it was fully funded would go a long way.

Senator **Pell**. I agree with you. This is one of the reasons I like the idea of the grant. You do not put people in this very difficult position of not comprehending what they are signing up for and ending up with a debt.

The other thought is to make the collection mechanisms much tougher, which the Office of Education is now doing with 200 more people hired trying to collect. And the third is to crank something into the credit record of these people so, afterward, they will not be able to get credit to buy a car of anything of that sort. I am sure, in many instances, people in default can still go out and get credit to buy automobiles.

I think if this was done, it might have an effect. We are looking for suggestions on this. The reason is not only saving money to the taxpayer, but so you do not go around having half the people who took a guaranteed loan going around as deadbeats.

Mr. AXELROD. That is right. They cannot be proud of their experience.

Mr. HART. I do not mean to get involved in default but——

Senator PELL. I did not either.

Mr. HART. In talking to Mr. Wexler, we said we would not get into that. But there are two things I would like to say.

I am not sure where the 50 percent figure came from and whether or not it is accurate. I do not mean to contest it at this time.

Senator PELL. No, no. I think just for the record, so the hearing makes sense, I will ask unanimous consent from all my colleagues at the hearing today to insert in the record the table from the GAO so we can see what we are talking about.

[The table referred to follows:]

EVENTUAL DEFAULT RATES, BY TYPE OF SCHOOL

	Loan amount (thousands)	Eventual default rate	Eventual default amount (thousands)
I. Public:			
College and universities	$868, 960	11. 9	$103, 719
Junior college and institutions	118, 230	36. 0	42, 614
Specialized and vocational	40, 877	24. 3	9, 941
Other (unidentified)	61, 405	18. 9	11, 611
Total	1, 089, 472	15. 4	167, 885
II. Private (nonprofit):			
Colleges and universities	357, 349	11. 2	39, 977
Junior colleges and institutions	20, 853	19. 6	4, 077
Specialized and vocational	5, 505	31. 8	1, 749
Total	383, 707	11. 9	45, 803
III. Proprietary:			
Colleges and universities	8, 992	43. 2	3, 887
Junior colleges and institutions	7, 875	16. 0	1, 261
Specialized and vocational	602, 033	48. 1	289, 492
Total	618, 900	47. 6	294, 640
Grand total	2, 092, 079	24. 3	508, 328
IV. Combined:			
Colleges and universities	1, 235, 301	11. 9	147, 583
Junior colleges and institutions	146, 958	32. 6	47, 952
Specialized and vocational	648, 415	46. 6	301, 182
Unknown	61, 405	18. 9	11, 611
Total	2, 092, 079	24. 3	508, 328

COMPARISON OF LOAN AND DEFAULT VOLUME, BY TYPE OF SCHOOL

	Loan amount (thousands)	Percent of total loan volume	Eventual default amount (thousands)	Percent of default volume
I. Public:				
Colleges and universities	$868, 960	41. 5	$103, 719	20. 4
Junior colleges and institutions	118, 230	5. 6	42, 614	8. 4
Specialized and vocational	40, 877	2. 0	9, 941	2. 0
Other (unidentified)	61, 405	3. 0	11, 611	2. 2
Total	1, 089, 472	52. 1	167, 885	33. 0
II. Private (nonprofit):				
Colleges and universities	357, 349	17. 0	39, 977	7. 9
Junior colleges and institutions	20, 853	1. 0	4, 077	. 8
Specialized and vocational	5, 505	. 3	1, 749	. 3
Total	383, 707	18. 3	45, 803	9. 0
III. Proprietary:				
Colleges and universities	8, 992	. 4	3, 887	. 8
Junior colleges and institutions	7, 875	. 4	1, 261	. 2
Specialized and vocational	602, 033	28. 8	289, 492	57. 0
Total	618, 900	29. 6	294, 640	58. 0
Grand total	2, 092, 079	100. 0	508, 328	100. 0
IV. Combined:				
Colleges and universities	1, 235, 301	59. 0	147, 583	29. 1
Junior colleges and institutes	146, 958	7. 0	47, 952	9. 4
Specialized and vocational school	648, 415	31. 0	301, 182	59. 2
Unknown	61, 405	3. 0	11, 611	2. 3
Total	2, 092, 079	100. 0	508, 328	100. 0

METHOD PREVIOUSLY USED BY OE TO COMPUTE DEFAULT RATES

Prior to the development of the default estimation model OE computed default rates by comparing the amount OE has paid in claims for defaulted loans with the amount of loans on which the first payment has come due (matured loans). This computation requires the use of estimates because OE's records do not accurately show when loans mature (due to a lack of timely reporting by lenders). In addition, a time lag of several months frequently occurs between a student's default and OE's payment and recording of the claim.

Mr. HART. The second thing I would like to say is, in October we were supplied some information from the U.S. Office of Education, a printout, in fact, which listed individual schools, and we have made an analysis of the data contained in the printout and we gained some solace from looking at this data.

Senator PELL. Gained some what?

Mr. HART. Some solace. We are pleased with the data that is presented.

Essentially it shows that a great majority of our schools have relatively few defaults, and also that the students from the 60 schools which are on the high level account for 75 percent of the student claims, and 76 percent of the amount of moneys. There are some other factors involved. I did not mean to get off the subject.

Senator PELL. Feel free to submit any further information you want, because the record will remain open for 3 weeks.

Mr. BRENNAN. Mr. Chairman and members of the subcommittee, my name is George Brennan. I am president of Bay State Junior College of Business in Boston.

I wish to express my personal appreciation, not only for myself at this presentation, but also for what I consider to be a cross section of our membership.

This is my 28th year in education and specifically in business education. I do not have a prepared presentation.

When our general counsel called and extended this invitation, he stated, "Would you come down and comment on the state of our institutions?"

I had two options. One, a short one. Help.

And, second, what I really felt is the state of our institutions.

I would like to comment on seven or eight items very briefly. I think this represents, in a fair fashion, a cross section of the 487 schools which comprise our accredited institutions but, more important, I believe that it represents the philosophy of a historical aspect of education in this country, and this is business education.

The prior panel, I think, in speaking with the large institutions and their problems, brought up a point that I would like to comment on for our membership, not officially and, I guess, rather oriented from the New England area. These are the things I can speak personally of professionally, but over my 28 years in business education, my association with my colleagues would lead me to believe that one general condition—the general conditions in our industry, and I use that term because FTC does I think we are educational institutions. I think they are good. I think they are going to get better. I think the inflationary problem is something we all live with in all segments of our society.

We have seen a trend in the last 2 years, for example, in more students coming to our institution, in the past year in particular, who have come to us from colleges with college training. We have seen an increase in the number of shorter term programs. By that, I mean 8 to 10 months.

Mr. Fulton has alluded to the fact that we do—and this is a surprise to me—have some 122 of our membership schools who are awarding the associate degree and bachelor degree. I think this is as much perhaps, as he mentioned, a concern of some institutions for operating under the credit hour rather than the clock hour.

But I also think, too, that there is a truer representation of the educational process which goes on traditionally in business schools.

Job placement: We have been—and I do not want to get involved at this point in the discussion of some of the horror stories which the press in various sections of the country have printed, much of it accurate, some of it not—but I think that all aspects of proprietary education were muddied by that.

I think the important thing to bear in mind is that in an economy which we read about constantly the area of placement in our institutions, and I speak now of the secretarial schools, I speak of the traditional business subjects, bookkeeping and accounting, and I speak of the courses that were instituted historically back in 1840 when the first business school was instituted, job placement with perhaps some qualifications is no problem.

If I may use a personal reference, I know for a fact, and this is parochial, in Boston, last June, of the members of our association, I believe that all of us had absolutely no difficulty in placing our secretarial, stenographic, and our entering business position graduates. This is what these students came to our institutions for. This is what they came for 100 years ago.

This is what I believe we are now seeing, a renaissance now, again.

The 1202 commissions—how are we working with them?

In our State, Massachusetts, of which I am third generation Massachusetts, I still make this comment: that we are a very conservative State. And only this past year——

Senator PELL. The only State that went for McGovern?

Mr. BRENNAN. Proceeding on from there, in the past year, for the first time, as a result of the vehicle of the 1202 commissions, we have found that proprietary private institutions of that representation, which Mr. Fulton had referred to, and before I came here today I spoke with a member of it, and we have had three meetings of that 1202 commissions, and in their agenda at the last meeting, concern for considering the private sector was definitely made and we consider that accomplishment a recognition.

How are we working with the U.S. Office of Education?

Well, we have worked together for many years, the Federal agencies and the State Agencies, and I can state unequivocably that working with the USOE, at least in our region—and that is the only one I can comment on—has been certainly an experience of compatibility. There is very little that we have asked as individual schools that they have not extended their greatest cooperation.

Dr. Johnson happens to be our man up there, and I do not know of a more cooperative representative in trying to unravel and explain to us some of the problems that some of these programs bring.

I was delighted to hear from the two representatives of the Dominican and Jesuit colleges that they, too, have difficulty. But we have worked extremely well with USOE, and we would look forward to it.

It is my feeling, in checking whether or not the student aid programs, the State loan guaranteed program, and in Massachusetts we do have the State loan guaranteed program—it seems to me we are down a little bit.

In Massachusetts, the monitoring system of the State agency, I believe, affords a greater control. Very few of our institutions, if any, in Massachusetts are lenders. Therefore, a student who applies for the higher education loan program must have it approved, not only by the lending institution of a bank, but through the office of Mr. Cosgrove, who, incidently, asked to be remembered to you, Senator, at this meeting today.

I do feel that there is a concern for financially packaging assistance to students. This brings us to another point.

I have noted in the past year and a half a tremendously more sophisticated approach by our member schools who operate on very tight budgets, who are taxpaying institutions, and yet who have allocated the additional cost of a financial aid administrator.

We have had some very wonderful seminars. We have learned that accountability is built into these programs.

It is my feeling that with a more intelligent approach, more sophisticated approach, the utilization of various funding programs will—perhaps not this year, but within the foreseeable future, and this is a very personal opinion—reduce the number of GSLP loans of being the sole means of assisting in education.

I would add that business schools are, by nature, residential. They are locally oriented. And in our own State, the average age of our institutions is from 50 to 120 years of age. The average enrollment in our institutions nationally is about 200, and my own experience of 28 years at my institution, and most of my colleagues, indicates that we live where we teach. And we place the students that we educate.

I would like to comment in drawing to a conclusion on the subject of students who are bereft as a result of activities beyond their control. I can only comment on one such closing.

We have had, oh, maybe 12 years ago in an institution, from merely closing its doors, but last summer after the Globe series of articles, and I emphasize that after, one institution went bankrupt. It went bankrupt as a result of disclosure of highly unethical, and certainly nonprofessional expertise in the field of education. It was a bad one. There are no two ways about it. There is nothing I can personally say that could in any way compensate for what was done.

I received a call from the law firm of Hale and Doar, who were the counsel for the administration of this institution. My name apparently had been given to them because of the work I have done on the national scene, and because of having been president for a great number of years of our State association.

I had been made aware only the day before in the newspaper of the bankruptcy of this institution. Apparently this had been fermenting for some time.

The attorney came over to my institution and spoke with me, and asked that we help. The situation was bad. This was again after the initial series of Globe articles, and now there was a 2-day expose on this institution, which incidentally, was merited. It did not help the situation. Certainly public relations are involved.

But more than that, it was a black eye and a blackmark on 160 years of honest, free enterprise in education.

Immediately we proceeded, I called our member schools, of which we have 15 in the State, and 9 in the Greater Boston area, and I told the counsel that we would try to assist.

Incidentally, I have for your records a compilation of what was done, and some examples of how we did it. I received from the attorney for the school a list of the students who were left bereft because the school closed. We prepared a ledger, which I will not read, it is for your record, basically for students, and informed them we had been made aware because of conditions beyond their control their institution had closed.

We sympathized with that situation, and informed them that the Massachusetts Association of Business Schools, and this did occur in June, would be willing to assist them financially with regard to the commitment they had made and had not received training for.

In essence, we would provide them with a list of nine schools, and I was asked to serve as coordinator, and my name and telephone number was listed on the letter. During that summer we worked in counseling students, a large number of students outside the United States, students exchanged, we did advise them that some of the courses that they had had that some of our institutions did not have, but in essence, in cooperation with the attorney general of the Commonwealth of Massachusetts, the division of consumer affairs, and also in coordination with the office of Mr. Joseph Cosgrove of the Massachusetts Higher Education Assistance Corp., who had, through that office, funded these students, we were able to in our final conference early in September—of the 83 names that were provided to us, 53 students in the 9 schools were accommodated. And as we checked in September, they were in training at these schools.

How this was done, was, frankly, I guess, altruistic. We felt that we had been hurt enough. We felt that these students had nowhere to go. Because some students were using the guaranteed loan program, there were, in our opinion, possible repercussions in the future on other students.

Essentially what was done was that any student that had started the course at Andover, who was affected by that closing, whether this student had been there for 3 weeks or 3 months, these nine institutions accepted the responsibility of teaching out those students.

In essence, the loan that was guaranteed by the State agency would in effect have not gone for naught, if that student so elected, would have that option, and 53 of them did take that option. It was clearly stated that if the student wished to continue after finishing the teachout possibility, the potential of the course, if that student wished to go on, then obviously that student would elect voluntarily to continue with the same obligation as any other student.

Senator Pell. Thank you. This was a great action. Is it being done in other cases or is this the only case?

Mr. Brennan. This is the only school, Mr. Chairman, that I know of that closed in that sense. I am speaking of a business school.

Senator Pell. Right.

Mr. Brennan. If you are alluding to the other schools that were in the articles, those were vocational or technical schools. I have no knowledge of that at all.

Senator Pell. I compliment you very much on your action in that matter.

Mr. Brennan. I have gone on too long. I do want to say in closing that the state of our institutions is such that I feel that business schools have always provided and changed and conformed to the needs of business.

We will do it in the future and I am heartened that aside from living in the same problem of inflationary costs as all segments of our population and business have to abide by, that the state of our institutions is definitely one of optimism.

Thank you very much.

Senator PELL. I thank you, gentlemen, for your presentation. I think that the importance of your roles is tremendous. You have understated the contribution you have made to our country and also to the young people who receive their training, education, with you.

I want to keep separate this question of the defaulted loan, the horror stories, because that is not what we are focusing on today. But willy-nilly, there is an element of it, because we have to get rid of this tremendous problem—it cannot go on. I do not know what the future is. We can hold hearings on this and we hope to come up with some kind of bright idea.

If any of you have any thoughts on this, please submit them in writing, we would be very interested in hearing them.

Mr. HART. Mr. Chairman, one or two comments.

Senator PELL. Mr. Hart.

Mr. HART. I think the default rate, whatever the rate is, that we are now seeing had its inception 3 or 4 years ago in these default rates. Many new and good things have happened since that time.

For instance, many States have passed reasonable and good regulations. The accrediting agencies have adopted new standards and procedures. And now coming along is the proposed guaranteed loan regulations. Frankly, I feel that the loan default problem in proprietary schools is improving and will continue to improve.

Senator PELL. You are the executive secretary of the——

Mr. HART. Accrediting commission.

Senator PELL. Do you have any requirements for accrediting, any provision discouraging the commission salesmen? In other words, having only full-time employees?

Mr. HART. No, we do not have a specific requirement discouraging commission salesmen. We seek the enrollment of any student and it must be done—and I cannot quote our criteria, but——

Senator PELL. Let me ask Mr. Brennan and Mr. Axelrod, do you have commission salesmen?

Mr. BRENNAN. No, we do not have commission salesmen. Our admissions are all one at the institutions. There are no outside representatives.

Senator PELL. This is how it should be. Mr. Axelrod?

Mr. AXELROD. Basically on salary. There is a small incentive based on the number of students they have in class, so they maintain an interest in seeing the students stay in class throughout the term of the course. And this can represent 10 to 15 percent of their compensation.

Senator PELL. I can see that, because that is an incentive to follow through with the young people involved.

Mr. AXELROD. That is correct.

Senator PELL. I would think that, Mr. Hart, your group would be well advised to have the patterns of these two gentlemen become part of the requirement for accreditation.

Mr. HART. Well, I cannot speak for the commission. I will certainly bring it to their attention.

Senator PELL. I wish you would.

Mr. HART. They will consider it. There are other problems involved, I think, in that.

Senator PELL. Mr. Fulton, do you wish to speak?

Mr. FULTON. Senator, I remember some years ago Merrill Lynch used as part of their advertising that their account executives were not paid a commission on stock purchases. This no doubt was true but it ignored the validity that there must be some system of recognizing the success—or lack of it—for those whose job is to see that stock is sold.

So I am not sure that it is the simple issue of the commission per se. I do think one major corporation—happily now departed from the proprietary school field—got off on the wrong track by allowing too much emphasis to be placed upon enrollment incentives alone.

The private sector in education, nonprofit and proprietary, is severely challenged to keep abreast of the tax-supported institutions which themselves aggressively recruit students. We have attached an excerpt from Change magazine noting the highly organized enrollment system including field representatives at Western Kentucky State College. I sincerely hope that any proposals will equally address themselves to the integrity of the admissions process and to the continuation of legitimate incentive recognition in all types of institutions, public, private, and proprietary.

Senator PELL. I can see that. I think that the thought of Mr. Axelrod is very good where they follow through, as long as they are in college. That is like a stockbroker—once he has the poor sucker buy the stock, he forgets him or is liable to.

On the other hand, this would require him to follow through. I would think this kind of thing is a perfectly proper incentive for each year the young man or young woman is there.

But I do feel quite strongly that whether you like it or not, the axe is going to fall, unless steps of this sort are taken, from the viewpoint of making your institutions eligible, continuing to be eligible for guaranteed student loans. And I think you cannot have a situation where one bloc of institutions has a default rate, two, three or four times that of other institutions and expect the taxpayer to keep putting the money into it, along with the effects on the young people.

So, however you do it is immaterial to the Congress, but it simply has to be done.

Mr. HART. I think we are well on our way, doing out part that is. I think the regulations are going to have a great bearing on that also.

Senator PELL. I think you always have trouble if you have people whose main income, better than 50 percent, comes from getting people to sign a contract, say they are going to a particular career training school.

Mr. HART. I am well advised.

Senator PELL. Thank you. Yes, Mr. Axelrod.

Mr. AXELROD. You indicated that you would be interested in suggestions as to how to cut down the default rate and we are doing two things which I think might be of interest.

We find that the grace period is a very big problem. We lose touch with the student for a period of up to 20 months. And we have instituted something that we call a grace period loan which is a nominal amount and it can be as low as $10 a month in the form of a payment. And it starts as soon as the student starts school. That way if his address changes, if he has bad paying habits——

Senator **Pell**. Very good.

Mr. **Axelrod** [continuing]. We find this out very quickly and we show him we mean business in the way of collecting the loan. And we stay in touch with him through this grace period.

The path or the trail does not get cold as easily when you are in touch on a month-to-month basis.

Another thing we have found is the defaults come from students who drop from school. And so we will not disburse the Federal insured loan to a student that has not attended at least 25 percent of the course, which eliminates most of the students that are then going to drop.

We found those two things—we have come up with those two things to have the best possible record under the loan program.

Senator **Pell**. I think that is a very good idea. I like both those ideas.

I have asked our counsel to see why they cannot be incorporated into any revisions we make to the act. I think they are very, very good and very sound.

I do not in any way want to give you the impression that there is any prejudice here with regard to your goals and your work, the training of young people for useful careers. It is just how you can do it and continue to receive the support you should have from the Congress.

Frankly, I would like to see the whole program of loans be replaced by grants and that would avoid a great deal of this problem. But I do not think the majority of the Congress have that view.

We have to deal with public opinion and people's views on education. As you know, the President has made some suggestions for budget revisions, a great deal of these, the bulk, come out of the human section, only about a fifth come out of the hardware section. As a general rule, anything the Pentagon truly wants, it gets. So we still need your help to put our best foot forward in this whole work. Mr. Fulton does a fine job for you in this regard. What is the educational background of each one of you?

Mr. **Axelrod**. I am an engineering graduate of Purdue.

Mr. **Brennan**. Bachelor of arts, master of science, Boston.

Mr. **Hart**. Bachelor of science, master of science, Texas Western College, Texas North State University. I did not get my doctorate.

Mr. **Fulton**. Undergraduate the University of Florida and I have a doctor of laws from Tulane.

Senator **Pell**. Thank you very much gentlemen. Good luck to you.

[The joint statement of Mr. Axelrod, Mr. Brennan, Mr. Fulton, and Mr. Hart along with additional material referred to and subsequently supplied follow:]

Statement

for

The Joint Appearance

of

Mr. Eugene Axelrod, President
Clasco Corporation
Seabrook Maryland

Mr. George J. Brennan, President
Bay State Junior College of Business
Boston, Massachusetts

Mr. Richard A. Fulton
Executive Director and
General Counsel
Association of Independent Colleges
and Schools
Washington, D.C.

Mr. Dana R. Hart
Executive Secretary
Association of Independent Colleges
and Schools
Washington, D.C.

Before the

Subcommittee on Education
of the

Committee on Labor and Public Welfare
U.S. Senate

November 27, 1974

Mr. Chairman, and Members of the Subcommittee:

My colleagues, Mr. Eugene Axelrod, Mr. George J. Brennan, Mr. Dana R. Hart, and I appreciate your invitation to share with the Subcommittee some of our views on general conditions in postsecondary education. Each of us appear in our individual capacities. The views and opinions which we present to the Subcommittee are our own and not the policy positions of either AICS or of its Accrediting Commission. Nonetheless, we hope that our views may be of utility to the Subcommittee with regard to some general conditions in postsecondary education.

Briefly, by way of background, I am RICHARD A. FULTON, Executive Director and General Counsel of the Association of Independent Colleges and Schools (AICS). DANA R. HART, is the Executive Secretary of the Accrediting Commission of AICS. EUGENE A. AXELROD is President of Clasco, a corporation which includes three residential, proprietary schools. They are: Washington School for Secretaries of Washington D.C. which is accredited by AICS, Computer Learning Center of Virginia, which is accredited by the National Association of Trade and Technical Schools, (NATTS) and Computer Learning Center of Los Angeles, California, accredited by NATTS. MR. GEORGE J. BRENNAN, President, Bay State Junior College of Business, Boston, Massachusetts. Mr. Brennan also serves as a member of the AICS Accrediting Commission, and is currently Chairman on the Council on Colleges.

Although our comments are from the viewpoint of residential, independent, or proprietary institutions, we urge the Subcommittee not to construe our remarks as representative of proprietary education generally. In our opinion, there is far too much hasty generalization about proprietary education which fails to differentiate between and among institutions which may be:

- Residential as distinguished from Correspondence Schools.
- Short course, single subject institutions, as distinguished from academically paced institutions with complex programs of education divided by quarters or semesters.
- Participating institutions under various federal programs, as distinguished from non-vocationally oriented institutions.

According to the Federal Trade Commission, there are approximately 3.3 million students enrolled in about ten thousand so-called proprietary institutions. There are 130,000 students in the 487 institutions of the Association of Independent Colleges and Schools (AICS).

PROPRIETARY EDUCATION OVERLY GENERALIZED

The parameters of what is called proprietary education are indeed far-ranging. Institutional differences are enormous. The average AICS school has an enrollment of about 200 students. In fact, 72% of the total number of institutions in AICS have enrollments of under 300 students. Even smaller, is the average enrollment in a cosmetology school. According to Mr. Jay Gerber, Chairman of the Cosmetology Accrediting Commission (CAC) the average enrollment in a beauty school is approximately 35 students. On the other hand, a large correspondence institution may have enrollment in excess of 100,000 students from all over the United States.

Legislation and regulations often go into great detail to distinguish among and between public-tax-consuming and private-tax-exempt institutions denominating them as land-grant schools, state colleges, private colleges, community colleges, or area vocational schools. However, with regard to proprietary institutions, they always seem to be lumped together in one general category subject to the same prejudices and pejoratives, often without differentiation.

Having now stated what we are not, I would like to identify the general topics on which we would offer some comment today. They are:

1) Suggested trends, based upon data taken from annual institutional reports, filed with AICS on March 15, 1973 and 74, each for the preceding years.
2) Opinion surveys conducted by AICS, the Southwestern Publishing Company and the Baxandall Publishing Company.
3) Representation of proprietary institutions on the 1202 State Commissions.
4) Reaction of AICS to the proposed Trade Regulation Rule of the Federal Trade Commission.
5) Reaction to the recently proposed USOE regulations for the Guaranteed Student Loan Program.
6) Narrative reports on institutional responses to needs of students stranded by closing of institutions in Massachusetts and Virginia.

The following table is included to identify a number of documents included as attachments.

ATTACHMENTS

No.	Description
1-A	Staff Memo comparing statistics for calendar 1972 and 1973 Surveys
1-B	1972 Student data taken from Institutional Annual Reports filed with Accrediting Commission, March 15, 1973
1-C	1973 Student data taken from Institutional Annual Reports filed with Accrediting Commission, March 15, 1974
2-A	Staff Memo with Qualitative Analysis of AICS, September, 1974, Business Opinion Survey
2-B	Statistical Analysis of AICS 1974 Business Opinion Survey (10-24-74)
3-A	Qualitative Analysis of AICS September, 1973, Business Opinion Survey
3-B	Statistical Analysis of AICS 1973 Business Opinion Survey
4-A	1973 Survey by South-Western Publishing Co. of Independent Colleges and Schools
4-B	1974 Survey by South-Western Publishing Co. of Independent Colleges and Schools
5-A	Fall 1974 Survey by Baxandall Publishing Co., Oshkosh, Wiconsin
6-A	Staff Memo concerning representatives of Proprietary Institutions on 1202 State Commissions
7-A	FTC Staff Memo, October 30, 1974, in support of proposed Trade Regulation Rule
7-B	AICS letter of November 22, 1974 to FTC seeking Conference
8-A	AICS Schools Awarding degrees
8-B	Proprietary degree-granting institutions in New York State
9-A	Western Kentucky University - "Facing the No-Growth Era", Change, September, 1974.

QUALITATIVE NOT QUANTITATIVE ANALYSIS

The AICS surveys and compilations included in the attachments were not intended to be definitive, quantitative answers. At best they were designed only to reveal some qualitative trends and situations. The surveys were not prepared by professional statisticians, nor were the results compiled by professional statisticians. Rather, it is a simplistic effort by a very limited staff to get a feel for some qualitative trends. While we have absolute faith in the integrity of this Subcommittee to treat such information as it is described, experience has shown us that third parties are not necessarily responsive to such a *caveat.* In fact, the statistical manipulation by the Federal Trade Commission of data seized from our files under the force of a *subpoena duces tecum* should shock the conscience of the National Center for Educational Statistics.

Subsequent analysis by the Subcommittee of the data submitted as attachments to this statement may provide the basis for further questions. We would be happy to respond if such is the case. Meanwhile, a summary of the enrollment figures and percentages for the years 1972 and 73 is as follows:

				USOE			CONTRACT		
	NO. OF SCHOOLS	NET ENROLL.	GROSS ENROLL.	GSLP	BOG, ETC.	%	GOVT.	PVT.	%
1972	470	132,926	272,032	59,523 21.9%	12,229 4.5%	26.4%	9,025	9,209	6.7%
1973	457	128,968	203,164	35,243 17.3%	19,402 9.6%	26.9%	12,015	1,406	6.6%

SCHOLARSHIPS

	GI			STATE	PVT	%	TOTAL FIN AID	
1972	25,768	9.5%		0	4,488	1.6%	120,039	44.1%
1973	44,998	22.1%		0	1,740	.8%	114,804	56.5%

THREE TRENDS

In my personal opinion, there are three significant trends evidenced both by the absolute numbers and the percentages with regard to three programs of student financial aid. They involve the Guaranteed Student Loan Program, the College Based Programs (CWS, NDSL, SEOG) and the BEOG Program, and finally, Veterans Training.

The figures indicate that fewer students are utilizing the Guaranteed Student Loan Program and there is a reduction in the percent of such students. Correspondingly, there is an increase in the number and percent of students being assisted under the other programs. This could be of great significance. It may be confirmed with the reports that are scheduled to be filed with AICS in March of 1975. Certainly we will make every effort to supply the Committee with the information as it becomes available.

In the meantime, I think it is fair to draw the following generalizations based upon the background and the trend of the legislation:

1) The impact of the 1968 Amendment which made proprietary students eligible for SEOG and BEOG is only now becoming evident. As a matter of history, proprietary students were initially eligible only for the Guaranteed Student Loan Program beginning in 1965. This of course was supposedly a program of "convenience" for middle class students. Nonetheless, the record reflects the fact that most students in proprietary schools come from a lower socioeconomic background.
2) However, it appears that the trend is now underway for the schools to provide a more "balanced diet" of student financial aid such as BEOG and the so-called college-based programs. Hopefully this will contribute to a decline in the percentage of student defaults, attributed to students in proprietary schools.

3) The increased enrollment of veterans under the GI Bill is, by way of speculation, most likely to occur in institutions offering programs of education measured on a credit-hour, rather than a clock-hour basis. I realize that this distinction is one not ordinarily taken into account by the Education Subcommittee which is historically attuned to the normal practices in higher education. However, veterans legislation is quite different in its approach and administration from programs subject to USOE administration. For purposes of veterans legislation, vocational students, not pursuing a course leading to a standard college degree are measured not on a credit hour basis, but on a clock-hour basis. Through this device, the historic fiction is preserved that students in college spend two hours outside of class in preparation for every hour of lecture in class. Thus, a student carrying fifteen credit hours spends a total of forty five hours a week with his studies - fifteen hours in class, and thirty hours of preparation. On the other hand, a student in a vocational program measured on a clock hour basis, is irrebuttably presumed to be able to learn only in class, and hence, must spend approximately 25 - 30 clock hours a week in class to considered a full-time student. However, this is an issue peculiar to veterans' legislation.

AICS OPINION SURVEYS

Beginning in 1973, AICS began an opinion survey of its member institutions. The survey was circulated in September with the results being compiled in October of each year. We hope to continue the practice. Again, let me state that this is a simplistic survey, that is designed only to reveal qualitative trends. It is probably inadequate from a professional statistician's viewpoint. We hope to work with it as the years go by to improve it.

Some of the trends which are suggested are:

1) Enrollment for the 1974-75 academic year is up nationally about 8%.
2) Students seem to be seeking longer programs.
3) The down turn for the current academic year from the 73 and 74 increase in student use of government programs may reflect the conditions of the money market for purposes of the Guaranteed Student Loan Program, or it may be related to a stricter administration of the GSLP. However, we speculate such a down trend is limited to GSLP only. We suspect access to BEOG and the college based program will continue to increase.
4) The 100% increase of full-time financial aid administrators within AICS schools may be related to the previous item. The percentage of schools with no financial aid administrator has dropped from 38% in the 1973 survey, to 6% in the 1974 survey. The reality of the BEOG program for proprietary students is very likely the prime stimulant.

In this connection, tribute should be paid to two national organizations which have made extra special efforts to extend their professional expertise to proprietary schools. They are, the National Association of Student Financial Aid Administrators, and the National Association of College and University Business Officers. Both organizations have opened their meetings to representatives of proprietary institutions.

The AICS survey reflecting an 8% increase in enrollments seems to be confirmed by the Southwestern Publishing Company 1974 summary (see attachment 3B) which suggests on the basis of 212 schools reporting, that there is a 10% increase. Similarly, the 1974 survey by the Baxandall Publishing Company, shows an 8.6% increase over the fall of 1973. Both the Baxandall and the Southwestern surveys, indicate that 1973 fall enrollment was not significantly higher than the fall, 1972 enrollment.

1202 COMMISSIONS

Our informal review on a state by state basis indicates that 23 states, plus the District of Columbia have provided for representation of proprietary institutions on the 1202 State Commissions. While the full potential for planning and coordination by the 1202 Commissions may not yet be realized, the administrative decision to, in fact, appoint representatives of proprietary education in response to the legislative mandate, is encouraging. In our opinion it constitutes an additional opportunity for proprietary educational institutions to experience peer participation in state planning and coordination.

FEDERAL TRADE COMMISSION

Last summer, the Federal Trade Commission published a proposed Trade Regulation Rule, through which it plans to regulate 10,000 proprietary, residential, and correspondence schools enrolling some 3.3 million students, without differentiation, exclusion, exception, or exemption. By the very nature of their institutional governance, i.e. tax-paying rather than tax-consuming or tax-avoiding, all proprietary institutions would be treated in the same manner, and subject to the same rigid, and inflexible proscriptions and mandates. A copy of the FTC proposed rule was included as exhibit 1A in the AICS statement to the Subcommittee of September 13, 1974.

For the completeness of this record, we include as attachment 6A, a copy of the FTC staff memorandum of October 30, 1974 which is a statement in support of the proposed rule. We hope the Committee will review the rationale of this FTC staff statement which among other things predicates FTC preemption of authority to administer USOE and Veterans Administration programs in proprietary schools because of "regulatory flaws" in the programs. A novel argument indeed!

AICS continues to hope that at some point it will be possible for the FTC to begin to differentiate between proprietary educational instituitons as the Congress has done in numerous pieces of legislation. The section 491(b) definition of a "proprietary institution of higher education" is such an example. According to the USOE, there are only about 1300. In the meantime, it is also our hope that at some point the FTC will accord interested parties minimal due process. Enclosed as attachment 6B is a copy of a letter from our special counsel to the FTC dated November 22, 1974, suggesting that the FTC be more specific in their statement of the basis for the rule.

USOE - GSLP PROPOSED REGS

In stark contrast to the sweeping generalizations by the Federal Trade Commission in its insensitively rigid proposed Trade Regulation Rule, the long overdue proposed regulations for the Guaranteed Student Loan Program, recently published by the Office of Education are a refreshing contrast. These new regulations proposed by the USOE to implement Section 438(a) of the Amendments in 1972 to the Higher Education Act represent, in my opinion, one of the finest examples of the articulation of administrative discretion in implementing a Congressional mandate. Recently we had the privilege of appearing before representatives of the USOE to comment on the proposed regulations. The attitude, the approach, and the work product of the USOE in these proposed GSLP Regulations illustrates, in our opinion, how important it is to have educational expertise and educationally oriented people responsible for the administration of education programs. The whole approach of the USOE contrasts sharply with the adversary technique and prosecutorial posture of the Federal Trade Commission.

One of the most satisfactory aspects of the USOE proposed GSLP Regulations is that they embrace all participating institutions in the program, whether the institution is public-tax-consuming, private-tax-exempt, or proprietary-tax-paying. On the other hand, the Federal Trade Commission staff proponents in their efforts to make up for the alleged Congressionally enacted "regulatory flaws" in the GSLP would include only proprietary institutions within their Procrustean embrace. The FTC denies jurisdiction of public institutions and claims that it has no evidence of sufficient number of abuses to assert jurisdiction over private nonprofit institutions.

However, private, nonprofit, tax-exempt institutions might be well-advised of the recently articulated attitude of the Federal Trade Commission toward them. No longer does the FTC deny jurisdiction. Rather, it states it fails to find a factual basis to assert the jurisdiction which it feels it has! However, we leave that problem to the leadership at One Dupont Circle.

Meanwhile, the proposed GSLP Regulations would require of every participating institution that it have an equitable refund policy for students who withdraw from school. While this has been an accreditation requirement of AICS for a number of years, apparently, the equity of such a proposal is novel to some of the spokesmen for private, nonprofit colleges. According to Higher Education Daily, commenting in its November 22, 1974 issue on witnesses appearing before the USOE officials concerning the proposed GSLP Regulations, not everyone agrees that a refund requirement is appropriate. According to Higher Education Daily:

> ". . . , the assistant business manager for Gettysburg College, Penn., came to argue against the requirements for institutional refund policies, disbursement of loan funds in installments and record keeping and reporting. Robert Nordvall said his college took the position that tuition payment by a student involved the basic contract law principle of reliance and that if a student dropped out of school he is not entitled to a refund. To ask small private colleges to refund tuition would be tantamount to forcing them into financial distress, he argued. Gettysburg has always provided refunds to students who withdraw because of medical problems, he noted."

It would be our recommendation that the Subcommittee consider the advisability of amending Section 438(a) so that the same principles, standards and USOE authority might be extended in legislation next year to all programs of student financial aid.

INSTITUTIONAL CLOSINGS

At the hearings last September, Mr. Chairman, you asked us to supply you with information about what provision had been made for students attending institutions which have closed down. With us today is Mr. George J. Brennan, President of Bay State Junior College of Business, who will comment on the efforts of the Massachusetts Association of Business Schools to assist students of the bankrupt Andover Institute of Business of Boston. The nine Massachusetts business schools offered to any student who payed tuition to the bankrupt Andover Institute of Business of Boston, the opportunity to attend, cost free, for the balance of the course. Letters were sent to each stranded student, stating that he had the opportunity to continue his education in the program, and at the institution of his choice at no additional charge.

Mr. Eugene Axelrod, President of Clasco, will supply you, in his testimony, with the details of the response of the Computer Learning Center to the closing of the Virginia Computer College in February of this year. I might add that Virginia Computer College was not an accredited institution. Further, that the Computer Learning Center, a Clasco school, is accredited by NATTS and not be AICS.

Parenthetically, I feel it should be noted that just as an accrediting agency is not a primary mechanism to implement consumer protection, neither is it the warrantor or the insuror to the general public of the financial stability of a particular institution. The primary, statutory responsibility of an accrediting agency is the determination of educational quality. Happily, the USOE through the new proposed regulations for GSLP has asserted its responsibility for the determination of fiscal stability of institutions.

Although we are pleased to provide the Subcommittee with these narrative reports on how students were assisted when institutions did close down, we do not imply, and hope the Committee will not infer, that the "good samaritan" activities of other educational institutions would constitute any sort of ratification of legal responsibility by individual schools, AICS, or any other educational association. It is merely an example of making the best of an unfortunate situation.

It should be noted that in the closing of the Virginia Computer College, no federal funds were involved. Although the institution was licensed by the state of Virginia, it had not been accredited. We respectfully suggest to the Subcommittee, that this circumstance substantiates our strenuous advocacy for the necessity for two concurrent but independent judgments with regard to institutional eligibility which is more fully set out in our statement to the Subcommittee of September 13, 1974.

SUMMARY

Education in proprietary schools is a many faceted dimension. We do not pretend to speak for "proprietary education." Our own small universe of 487 AICS schools is itself complex and diverse. It might be concluded that AICS is a non-homogeneous aggregation of institutions within a minority or aberrational increment of higher or postsecondary education.

Although 122 of the 487 AICS schools (25%) offer either the Associate or the Bachelor degree, we are but a mere 4.87% of the FTC identified universe of 10,000 proprietary schools. The estimated total enrollment of some 130,000 students in AICS schools is less the 4% of the 3.3 million students described by the FTC as attending proprietary schools.

Despite the sweeping allegations of the Federal Trade Commission, the facts indicate that enrollment is up, student financial aid is more evenly administered, and state level 1202 peer acceptance has been experienced by AICS schools. We hope these trends are but steps along the path towards ultimate peer acceptance and peer participation in the educational effort in each state of this nation. AICS has never sought, and does not now seek, special privilege or particular prerogatives for proprietary schools. We only ask for the opportunity to be equally charged, and to be held equally accountable in the same manner as other educational institutions.

CONCLUSION

There are many provocative issues which the Subcommittee may decide to take up next year. Only by way of suggestion do we speculate that testimony might be lively indeed on such subjects as:

1) Admissions practices, Recruiting expenditures and Enrollment techniques with direct and indirect cost allocations in all areas of postsecondary education.

2) Equitable policies and rational formulas for the determination of tuition refunds.

3) Amelioration or cure for Congressional enactments with "regulatory flaws" as diagnosed by the Federal Trade Commission staff.

4) Expanding the search for the "whole truth" concerning student delinquencies and defaults in both the NDSL and the GSLP including both the FISL and State Guarantee Agency increments of the latter.

5) Reexamination of the elements for eligibility of participating institutions and students.

6) Identification of educationally sound standardized terms which should be used by all institutions in professionally isolating the qualities to be measured in fair testing procedures to apprise in good faith prospective students of facts necessary for an informed decision.

7) Delineation with precision the consequences of programs variously styled as institutional grants or subsidies when in fact the funds are really payment for particular services under a statutory contract.

8) Establishment of standardized definitions to facilitate any debate on institutional versus student aid to such items as low-tuition institutions, high-expenditure schools, student costs, real, assigned and income foregone.

In the event that the Subcommittee should decide that our views on these and other education issues might be helpful and relevant, we would respon to your invitation. Meanwhile we wish to thank the Subcommittee for the opportunity of having appeared today.

Respectfully submitted,

Richard A. Fulton
Dana R. Hart
Eugene A. Axelrod
George J. Brennan

CLASCO

[illegible]
[illegible] Maryland 20801
[illegible]

INFORMATION SUBMITTED BY

MR. EUGENE AXELROD
PRESIDENT, CLASCO DIVISION
MCD ENTERPRISES, INC.

TO

SUBCOMMITTEE ON EDUCATION
SENATOR CLAIBORNE PELL, R.I., CHAIRMAN

OF THE

U. S. SENATE COMMITTEE

ON

LABOR AND PUBLIC WELFARE

NOVEMBER 27, 1974

AID TO STRANDED STUDENTS

The unscheduled or abrupt closing of any career school is a cause for concern by many parties. Since most such closings are attributable to financial reasons, the student is exposed to high risks of personal financial loss and serious delay in completing his training.

Mindful of the adverse ramifications of such closing on career schools as a whole, some career schools have performed rescue operations for the students involved. The CLASCO Schools Division of MCD Enterprises, Inc., which has schools in the Washington, D. C., and Los Angeles areas, has taken over teaching obligations on eleven different occasions from schools in difficulty. In some instances, CLASCO received some compensation (although only a small fraction of full tuition) and in other instances, none. In every instance, the student was provided with an opportunity to complete his program. A news article attached (see Exhibit A) describes one such situation (involving 60 students) for which CLASCO received no compensation.

CLASCO and the many other responsible career schools which perform such a rescue service do so in the interest of both the students and the career education industry. By being there to provide a "soft landing" for the displaced student, almost always at no out-of-pocket cost to the student, CLASCO and the many other responsible career schools enable the industry to avoid or minimize the bad publicity attendant on the failure of a school. Although assumption of the teaching responsibility alone would be sufficient to stave off the bad publicity, CLASCO assumes full responsibility for such students, including placement assistance.

Another student salvage operation occurred early this year when CLASCO assumed the training obligation for 61 students of the Virginia Computer College which closed after being denied accreditation. Each of the Virginia Computer College students who sought placement assistance has, with CLASCO's help, secured employment in the computer field. A report evidencing these results is attached (Exhibit B).

FINANCIAL AID DILEMMA

The Office of Education has proposed performance standards for institutional participants in the Federal Insured Student Loan Program. To their credit, they are imposing standards on colleges and universities as well as career schools. However, it is regretable that the proposed standards, particularly in the area of defaults rates, do not accommodate the fundamental differences in the two types of schools. Some recognition should be made of the fact that the typical career school student is not like the typical college student. He is much more likely to be a minority student, and he almost invariably comes from a less affluent family. Should the same loan default standards be applied, the career school would be forced, in order to meet college loan default standards, to make its student body mix similar to that of a college.

Our statistics indicate very clearly that defaults on Federal and other student loans are disproportionately high among the minority students enrolled in our schools. Our records show that a minority student and a nonminority student, identical in all other respects, do not achieve the same degree of success in school. The minority student, whose environment has conditioned him to expect and accept failure, is much more likely to be a drop; and a drop is much more likely to not repay his loan. Unless this is taken into consideration, the school is almost forced into discriminatory practices to protect its record under the Federal Insured Student Loan Program. Although both the law and our conscience tell us not to discriminate in our admissions practices, if we don't it is likely that we will not be allowed to continue to participate in a program which is vital to a high percentage of our students.

It appears that the proposed regulations allow the Office of Education to use its discretion in particular situations. It is important that that agency be aware that gross inequities may result if career schools, otherwise doing a good job and providing a worthwhile service, are measured by the same loan default yardstick that is applied to colleges and universities.

AN AMERICAN MYTH

A very real difference exists between the way those running the colleges, the professors, and those attending the colleges view a college education. The professors tend to feel that the college experience is mind expanding in nature, an end in itself. On the other hand, the student has been led to believe by propaganda aimed at him from childhood that college is a means to an end, the end being an immediate and well paying career. We regularly enroll college students who are disillusioned with the fact that they have completed four or five years of college and can find jobs such as shoe salesmen, taxicab drivers, or clerks, jobs which require little education and which are vastly and depressingly different from the career they had expected. The tragedy as well as the enterprise of some former college students caught in these circumstances is illustrated in the attached reprint from Newsweek, "The Intellectual Taxicab Company" (Exhibit C).

That the college student makes mistakes in selecting the means to a career is not surprising. He lacks and is not provided by the college with information relative to what he is buying; i.e., an assessment of whether his particular college program will lead him to an immediate, well paying career. It is our belief that the student buyer, like any other, should be provided with adequate information to make an intelligent decision.

The Federal Trade Commission appears to endorse this position in that they have developed tentative regulations calling for the disclosure of job placement statistics and similar information to prospective career school students. Unfortunately, the FTC regulations would be very destructive in two respects.

First, certain disclosures which the FTC plans to require could paint a distorted and misleading picture of a good school. Such disclosure requirements should be carefully reviewed and revised in certain instances. (For example, a student who voluntarily leaves school prior to completion to accept a job in the field for which he is being trained is treated as a dropout, a statistic that adversely affects the completion rate of the school.)

Secondly, should the FTC regulations be adopted, the student buyer will receive stark and probably sobering information on career schools which he would almost inevitably compare unfavorably with his uniformed and largely inaccurate image of what a college education will do. Clearly this is unfair to the student.

All schools, whether they be career school or college, should, if they use Federal funds in any way, be required to meet uniform disclosure requirements for all prospective student buyers.

Exhibit A

Page 94 COMPUTERWORLD April 29, 1970

EDP Firm Trains Students Stranded by School Closings

By Anne Nolan
CW Staff Writer

WASHINGTON, D.C. – More than one computer school has closed on short notice in recent months, leaving its students in the middle of a course with full tuition paid. And, if the school has closed because of financial difficulties, there is little restitution students can get or expect even through legal channels.

One school in Boston, the Institute of Computer Technology, closed without prior warning on Jan. 16 because of "financial difficulties" [CW, Jan. 28].

Another school in the Washington area, Automation Institute of Falls Church, Va., never reopened after the 1969 Christmas vacation.

But Computer Learning and Systems Corp., a large computer services and career training company, through the National Association of Trade and Technical Schools, is doing something about it. It has offered to step in and assume the responsibility for training the students left stranded in mid-course.

Industry Problem

Eugene Axelrod, vice-president and general manager of Computer Learning, feels that such closings are an industry problem and other EDP institutions share the responsibility.

According to Axelrod, there is no way to avoid ill feeling when a school closes its doors unexpectedly, but Computer Learning does have first-hand experience with making the situation less destructive.

"Back in December, 1969, we got wind quite by accident that a well-known EDP school in the Washington area didn't intend to reopen after the Christmas recess," Axelrod said. "Our first thought was that 'it was none of our business,' but the more we thought about it, the more we realized we should do something because it affects all schools.

"Nobody asked our help, but we contacted Bill Goddard at the National Association of Trade & Technical Schools to confirm the report and to offer Computer Learning's assistance."

Complete Instruction

Axelrod, discovering that the report was true, offered to take on the 60 students who were affected and to complete their instruction without cost to them. Instructors from Computer Learning worked with the students to determine their existing levels of proficiency and to work out a training program to assure they got the course coverage equivalent to that they had expected from the school. Although skeptical at first, the students soon realized that no costs were involved to them. Forty-seven of the 60 students accepted the school's offer.

Education

Computer Learning's decision to get involved was a touchy one – to risk its reputation through guilt by association. According to Axelrod there was absolutely no connection between Computer Learning and the school that closed, Automation Institute, and he felt the risk wasn't that great.

"When any EDP school goes out of business because of poor financial conditions or other causes, it automatically tarnishes the image of every school. So one has to decide whether to sit there on one's hands or do something. We decided to do something," Axelrod said.

He stated that Computer Learning certainly couldn't afford to continue bailing out other schools but it was a problem that should be shared because of concern with the quality of education that EDP schools offer.

No Regrets

Axelrod said that it was hard to project exactly what this effort cost in dollars and cents, but he didn't regret being involved.

Following the enrollment of 47 students at Computer Learning and the subsequent two-week training period, a follow-up survey was done to monitor their progress and assess their attitudes. According to the school, the reaction was overwhelmingly positive and there are now 47 people who can give realistic advice on how to choose an EDP school.

COMPUTER
LEARNING
CENTERS

SPECIAL EDITION

PLACEMENT NEWS

PLACED VCC STUDENTS

GRADUATING FROM COMPUTER LEARNING CENTER - 1974

NUMBER OF PLACEMENTS - 52

	Name	Sex	Previous Education	Previous Employment	Employment/Remarks
1.	Armentrout, Cynthia HONOR GRADUATE	19 F	Allengheny High Sch. 1973 Covington, Virginia	Placement Aide Computer Learning Center Fairfax, Virginia	Programmer Pinkerton Computer Consultants Falls Church, Virginia
2.	Bartee, Jacquelyn	19 F	Castlewood High Sch. Castlewood, Va. 1973	Placement Aide Computer Learning Center	Programmer Brad Regan Incorporated Spruce Pine, North Carolina
3.	Baughman, M. Kathy	19 F	James Wood High Sch. 1973 Winchester, Virginia	Placement Aide Computer Learning Center Fairfax, Virginia	Operator Data Corporation of America Reston, Virginia
4.	Beech, Eric	19 M	Somerset High Sch. Somerset, Pa. 1973	Drummer Thor Southwestern Area Pa.	Operator M. K. Electronics Lusbee, Maryland
5.	Bell, Donald	25 M	Margaretta High Sch. Castalia, Ohio 1967	Machine Operator Scott Paper Company	Programmer Stewart Investment Company Washington, D.C.
6.	Beshada, Cynthia	18 F	DuBois High School DuBois, Pennsylvania 1973	Maintenance Helper Computer Learning Center Fairfax, Virginia	Data Technician Boeing Computer Services McLean, Virginia
7.	Brooks, Michael	18 M	Camp LeJeune High North Carolina 1973	Clerk U.S. Post Office Maywood, Illinois	Programmer Chicago National Bank Chicago, Illinois
8.	Burger, Sandra HONOR GRADUATE	18 F	Herndon High School 1973 Herndon, Virginia	Receptionist Ashwell Oldsmobile	Operator Northern Virginia Bank Annandale, Virginia
9.	Byrd, Arshel	27 F	Germantown High Sch. Philadelphia, Pa. Federal City College Washington, D.C.	Electronics Assembler Controlled Environment Systems Incorporated	Operator Position leads to programming Value Engineering Incorporated Alexandria, Virginia
10.	Carr, Ronald	23 M	South High School Columbus, Ohio 1968	Communications work United States Navy	Programmer Editorial Technology Washington, D.C.

Name	Sex	Previous Education	Previous Employment	Employment/Remarks
1. Chambe[illegible]in, Wayne	19 M	Prince George High Prince George County Virginia 1973	[illegible]es Clerk Drug Fair	Programmer County of Chesterfield Chesterfield, Virginia
2. Cunningham, Darius HONOR GRADUATE	21 M	Martinsburg High Sch. Martinsburg, W. Va. West Virginia University, Morgantown, W. Va. 1½ years	Bellman Sheraton Inn	Programmer First Columbia Data Systems Washington, D.C.
3. Davison, Daryl	19 M	Warren County High Front Royal, Va. 1973	Mechanics Helper FMC Corporation Front Royal, Va.	Operator Atlas Machine & Iron Works Gainesville, Virginia
4. Duty, Wanda	19 F	Manchester High Sch. Richmond, Virginia 1973	Clerk Woolco Department Store,	Data Technician Position leads to operations United Bank of Virginia Richmond, Virginia
5. Erne, Bernard	20 M	St. Joseph High Sch. 1966 Mentor, Ohio Lakeland Community College, A.A.B., Mentor, Ohio	Operator Chase Brass & Copper Co.	Programmer Blue Cross and Blue Shield Cleveland, Ohio
6. Fisher, Susan	19 F	Tecumseh High Sch. New Carlisle, Ohio 1973	Desk Clerk Sheraton Hotel Reston, Virginia	Programmer Blue Cross and Blue Shield Cleveland, Ohio
7. Fleming, Warren	20 M	Davie High School Mocksville, N.C.	Laborer Fiber Industries	Operator Radio Corporation of America Greenbelt, Maryland
8. Fry, Kenneth	19 M	Shikellamy High School District Sunbury, Pa. 1973	No previous employment	Programmer U.S. Naval Supply Depot Mechanicsburg, Pa

Name	Sex	Previous Education	Previous Employment	Employment/Remarks
9. Hawks, Larry HONOR GRADUATE	19 M	Independence High Sch. 1973 Independence, Va.	Machine Attendant Independence Industries Independence, Va.	Programmer Jefferson Mills Pulaski, Virginia
0. Holliday, Doug HONOR GRADUATE	19 M	Greenbrier East H.S. 1973 Lewisburg, W. Va.	Service Counselor American Automobile Assoc.	Programmer Wyland Associates Culpepper, Virginia
1. Holloway, Oliver	24 M	Eisenhower High Sch. 1967 Norristown, Pa.	Postal Clerk United States Post Office	Operator U.S. Geological Survey Reston, Virginia
2. Johns, Debi HONOR GRADUATE	19 F	Parkersburg Catholic High School Parkersburg, W.Va. 197[illegible]	Keypunch Operator Computer Learning Center Fairfax, Virginia	Programmer Department of Finance and Administration Charleston, West Virginia
3. Joyce, Karen	19 F	South Stokes High Sch Walnut Cove, N.C. 197[illegible]	Placement Aide Computer Learning Center Fairfax, Virginia	Operator Reynolds Tobacco North Carolina
4. King, Keith	22 M	Washington High Sch. Massillon, Ohio 1970	Security Guard Sterling Park Department	Programmer Technical Services Incorporated Alexandria, Virginia
5. Langley, Tony	19 M	Chowan High School 1973 Tyner, N.C.	Stock Clerk [illegible] Department Store	Operator Hospital Data [illegible] Norfolk, Virginia
Lawson, Tess HONOR GRADUATE	19 F	West Springfield H.S. Springfield, Va. 197[illegible]	Cosmetician Sears	Programmer Technical Services Incorporated Alexandria, Virginia
7. Lazazzera, James HONOR GRADUATE	19 M	James Wood High Sch. Winchester, Va.	Assistant to Director of Student Services Computer Learning Center	Programmer Stewart Investment Company Washington, D.C.
Lindsey, John Michael	19 M	Chilhowie High Sch. Chilhowie, Va. 1973	Stock Worker Kash & Karry	Operator Management Science Systems Alexandria, Va.

Name	Sex	Previous Education	Previous Employment	Employment/Remarks
29. Malone, ebble	19 F	Bristol Virginia H.S. Bristol, Va. 1973	[illegible] Friday Kelly and Green Photoginishing Laboratory	Programmer General Motors Corporation Atlanta, Georgia
30. Manikus, Gerald	19 M	Hopewell High Sch. Hopewell, Va. 1973	Laborer Hercules, Incorporated	Programmer Richmond City Schools Richmond, Virginia
31. McGowan, Floyd	19 M	Old Diminion Univers. Spring 1973 Portsmouth High Sch. Portsmouth, Va.	Rear Chairman and Rodman Hassell and Walkes Engineering	Operator Position leads to programming First National Bank of Huntington Huntington, West Virginia
32. Miller, Ronald HONOR GRADUATE	18 M	Southern Huntington County High School 1973 Orbesonici, Pa.	Sales Clerk Memco	Operator Camphill Training Center for ED' Camphill, Pennsylvania
33. Mitchell, Suzie	19 F	Mt. Healthy High Sch. Cincinnati, Ohio 1973	No Previous Employment	Programmer Cincinnati, Data Servic
34. O'Saben, Richard HONOR GRADUATE	18 M	Conemaugh High Sch. Johnstown, Pa. 1973	Tire Changer Market Tire Company Fairfax, Virginia	Programmer Central Intelligence Agency McLean, Virginia
35. Panner, Kay	20 F	Parkland High Sch. Parkland, Pa. 1972	Keypunch Operator Computer Learning Center Fairfax, Virginia	Programmer Phoenix Clotnes Allertown, Pennsylvania
36. Roe, Greta HONOR GRADUATE	41 F	North Park Academy 1950 Chicago, Illinois North Junior College 1950 to 1951	Office Work Johns Manville Chicago, Illinois	Programmer George Mason University Annandale Campus, Virginia
37. Rooney, Lindy HONOR GRADUATE	19 F	Herndon High Sch. Herndon, Va. 1973	Cashier Woolco	Data Technician Boeing Computer Services McLean, Virginia

	Name	Sex	Previous Education	Previous Employment	Employment/Remarks
38.	Shorts, rry	18 M	Middletown High Sch. Middletown, Delaware	Intenance Optical Recognition Systems	Operator Radio Corporation of America Greenbelt, Maryland
39.	Sizemore, Ron HONOR GRADUATE	18 M	Badin High School Hamilton, Ohio	Bellman Sheraton Reston Hotel	Programmer Systems Bank Hamilton, Ohio
40.	Snipes, William	28 M	Selma High School Selma, North C.	Operator Pentagon Washington, D.C.	Operator (leads to programming) U.S. Geological Survey Reston, Virginia
41.	Spangler, Bonnie	19 F	Floyd County High Sch Floyd, Va. 1973	Secretary Donnkenny, Incorporated Christiansburg, Va.	Operator Donkenny, Incorporated Christiansburg, Virginia
42.	Steffy, Randy	20 M	Wilson High Sch. West Lawn, Pa. 1973	Foundry Laborer Aluminum Alloy Incorporated	Operator Gilberts Associates Incorporated West Lawn, Pennsylvania
43.	Sutton, Richard	18 M	Robert E. Lee H.S. Staunton, Va. 1973	Salesman Barth Weinberg Company	Programmer Eastern Menonite College Harrisburg, Virginia
44.	Triplehorn, Kevin	18 M	Point Plesant H.S. Point Pleasant, W.Va. 1973	Stock Clerk Drug Fair	Operator National Aeronautics Space Admi Greenbelt, Maryland
45.	Walker, Vanessa	18 F	Dan River High Sch. Ringgold, Va. 1973	Sewing Machine Operator Women's Clothing	Operator Metro Class Gen[illegible] Springfield, Vi[illegible]
46.	Webb, Shirley	19 F	Greenbriar East 1973 Fairlea, West Va.	Keypunch Operator Computer Learning Center Fairfax, Virginia	Programmer Department of Fin[illegible] and Administration Charleston, West Virginia

	Name	Sex	Previous Education	Previous Employment	Employment/Remarks
47.	White, ndy	19 M	Chowan High School Tyner, North C.	ck Clerk A & P Supermarket Edenton, N.C.	Operator (leads to [illegible]gramming) Federal Maritime Commisssion Alexandria, Virginia
48.	Whitehead, Betsy	19 F	Morgantown High Sch. Morgantown, W.Va. West Virginia U. Morgantown, W.Va. 1973	Student Aide Computer Learning Center	Operator General Electric Carderock, Maryland
49.	Whittington, Charles	19 M	Calvert County H.S. Prince Frederick, Md.	Stock Clerk A & P Supermarket	Operator M & K Electronics Lusbee, Maryland
50.	Wilson, Michael	19 M	Polk Central H.S. Mill Spring, N.C. 1973	Clerk Mill Spring, N.C.	Programmer Homelite Corporation Gastonia, North Carolina
51.	Worthy, Karen	18 F	Prince Edward Acad. Farmville, Va. 1973	Keypunch Operator Computer Learning Center Fairfax, Virginia1	Programmer Pinkerton Computer Con[illegible] Alexandria, Virginia
52.	Zicafoose, Tom	20 M	Smithfield High Sch. Smithfield, Va. 1972	Maintenance Helper Computer Learning Center Fairfax, Virginia	Operator Action Peace Corp. Washington, D.C.

COMPUTER
LEARNING
CENTERS

PLACEMENT NEWS

#

SPECIAL REPORT ON FORMER VIRGINIA COMPUTER COLLEGE STUDENTS JOB STATUS

DISTRIBUTION OF PLACEMENTS

November 15, 1974 TO DATE

RANGE	# PROGRAMMING	# OPERATIONS	# OTHER D.P. POSITIONS
	TOTAL 27	TOTAL 22	TOTAL 3
under - $6,000		3	
6,000 - 6,999	2	7	1
7,000 - 7,999	10	8	2
8,000 - 8,999	10	2	
9,000 - 9,999	4		
10,000 - 10,999			
11,000 - 11,999			
over - 12,000	1	1	
unknown/confidential		1	
AVERAGE SALARY =	$8,130.30	$6,812.95	$6,753.33

STATUS OF NON-PLACED V.C.C./C.L.C. GRADUATES @ November 20, 1974

Gardner, Carol	Has personal problems, does not want placement assistance at this time. Did not show for several scheduled job interviews.
Joyce, Martin	Is presently traveling across country. Will contact C.L.C. when settled in particular area.
Schmidt, Daniel	Transferred to evening classes due to working situation. He graduated November 20, 1974 instead of with his original class. He is presently on Data Processing interviews.
Schultz, William	Has been on vacation and only recently returned for C.L.C. Placement assistance. He is presently on D.P. Job interviews and is an excellent candidate as he also holds a degree in Business Administration.
Sheets, John	He did not want placement in the Washington area. Originally wanted placement only in Alaska. He is now seeking employment in the Columbus Ohio area.
VanDyke, Dennis	Did not want placement in the Washington area. He is now in the Tennessee area and C.L.C. has been unable to contact him. He has not responded to recent letters sent to him at his permanent address.
Staton, William	Is continuing his education, full-time, to secure a degree in the field of Data Processing. Does not want C.L.C. Placement assistance at this time.
Jackson, Henry	The C.L.C. Placement office has been unable to contact him and has no information as to his post-graduate situation.
Pugh, Alvin	Was working for American Automobile Association while attending C.L.C. He has remained with his employer and does not want C.L.C. Placement assistance at this time.

Exhibit C

Newsweek

Reprinted from the issue of June 3, 1974

MY TURN: Peter Carlson

The Intellectual Taxicab Company

My friend Danny hung his Boston University diploma below the hack license in his cab.

After seventeen years of education in the finest schools in America, Danny, at 22, couldn't fix his stopped sink, repair a burnt connection in his fuse box, replace a pane of glass in his kitchen or locate the carburetor in his car.

Danny is an educated man. He is a master of writing research papers, taking tests, talking and filling out forms. He can rattle off his social security number as easily as he can his name because it was also his student identification number. He can analyze Freud from a Marxian viewpoint and he can analyze Marx from a Freudian viewpoint.

In short, Danny is an unskilled worker and he has a sociology degree to prove it. He is of very little use to American industry.

BROKEN CYCLE

This is nothing new. Colleges have been turning out unskilled workers for decades. Until five years ago, most of these unskilled workers took their degrees in sociology, philosophy, political science or history and marched right into the American middle class. Some filled executive positions in business and government but many, if not most, went into education, which is the only thing they knew anything about. Once there, they taught another generation the skills necessary to take tests and write papers.

But that cycle broke down. Teachers are overabundant these days, college applications are down, plumbers are making $12 an hour and liberal-arts graduates are faced with a choice—graduate school or the taxicab.

Danny chose the taxicab because driving was about the only marketable skill he possessed. Danny refers to his job as "Real World 101." He has been shot at, punched, sideswiped and propositioned. But he has also acquired some practical skills—he can get his tickets fixed; he knows how to cheat the company out of a few extra dollars a week; he found his carburetor and he can fix it.

Soon, I will be in the same position. I'll graduate from Boston University with a B.S. in journalism. Whatever skills that degree symbolizes are not currently in demand. I suppose I could go to graduate school but, Christ, I've been doing the same thing for seventeen years and I'm getting a little tired of it. Besides, there are a lot of grad-school graduates who are driving cabs, too.

And that brings me to the Intellectual Taxicab Company.

Danny and I were discussing the hack business recently and we came up with the idea. It is the simple answer to a simple question: why should all that college education go to waste reading road signs when masses of people are looking for knowledge and riding in cabs?

What America needs is a system to bring together all the knowledgeable cabbies and the undereducated rest of the country. The system we propose is the Intellectual Taxicab Company.

The Intellectual Taxicab Company would consist of a dispatcher and a fleet of cabs driven by recent college graduates. When you need a ride, you call the company and say something like, "I'd like to go from Wall Street over to East 83rd and I'd like to discuss the world monetary situation."

"All right, sir, we'll have an NYU economics graduate over in five minutes."

Or: "Hello, I'm in Central Square and I'd like to go to Brookline and discuss whether or not there is a God."

"You're in luck, madame, we have a Harvard philosophy graduate who minored in Comparative Religions right in the neighborhood."

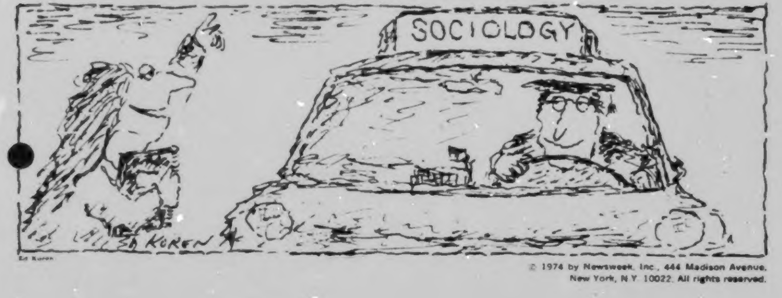
The educational possibilities of this plan are staggering. English and Drama graduates could take the after-theater run, explaining the literary ramifications of the shows. Political Science graduates could hack around Capitol Hill or City Hall. Regular bus runs could be set up to conduct seminars on popular topics.

ELEVATING THE CABBIE

The Intellectual Taxicab Company would bring adult education to the streets. It would also give all those alienated college graduates a feeling that they didn't waste four years and all that tuition money. And it would elevate the snotty cabdriver to an art form: cabbies would quote Voltaire while they rant about how bad the mayor is.

Surely there must be some foundation money or unimpounded Federal funds available to begin such a noble experiment in education. If there is, Danny and I are ready to start immediately. In fact, Danny is licking his lips in anticipation. "Just think how much my tips will go up," he said.

Carlson, 21, has been a reporter, gardener, office worker and once helped manufacture blades for screwdrivers.



Ed Koren

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Attachment 1-A

Memo

(Formerly United Business Schools Association)
Association of
Independent Colleges and Schools
Richard A. Fulton, Executive Director
Accrediting Commission
Dana R. Hart, Executive Secretary
1730 M STREET, N.W., WASHINGTON, D.C. 20036 202/659-2460

November 19, 1974

TO: Richard A. Fulton, Executive Director

FROM: David W. Peters, Staff Member

SUBJECT: Percentage Changes in Student Enrollment, 1972-1973.

1. 72% of the total number of institutions have enrollments of under 300 students, compared to last year, when only 69.5% of the total number of institutions had enrollments of under 300 students.

2. The largest number of institutions remain in the category of 101-200 students. This represents 32% of the total number of institutions and accounts for over 17% of the total number of students.

3. Total gross enrollment is down, from 272,032 to 203,164. This represents a decrease of 68,868. [or - net enrollment - from 132,926 down to 128,968, a drop of 3,958.]

4. Only 4.2% of the total number of institutions have over 900 students.

5. Breakdown by Quartile of Gross Enrollment:

Size of School	Number of Students	Percentage of Students	Number of Institutions	Percentage of institutions
1-200	52,865	26.0	243	53.2
201-400	52,937	26.0	125	27.3
401-900	53,132	26.2	70	15.3
901-1000+	44,230	21.8	19	4.2
Total	203,164	100.0	457	100.0

6. Total percentage of students on GSLP dropped from 21.9% to 17.3%.

7. The percentage of students under veteran training acts has risen from 9.5% to 22.1%.

8. The overall percentage of students with some type of financial aid has risen from 44.1% to 56.5%.

9. The overall percentage of students on CWS, NDSL, BOG and SEOG has risen from 4.5% to 9.6%.

Attachment I-B

ANALYSIS OF AICS STUDENT ENROLLMENTS - January 1, 1972 to December 31, 1972

SCHOOL SIZE BY ENROLLMENT AT OCTOBER 1-	NUMBER OF SCHOOLS	TOTAL NET ENROLL. AT OCT. 1	TOTAL GROSS ENROLL. DURING YEAR	STUDENT FINANCIAL AID DATA													
				USOE INST. ELIGIBILITY			CONTRACT TRAINING			VETERANS TRAINING			SCHOLARSHIPS			TOTAL [illegible]	
				# of Students		%**	# of Students		%	# of Students		%	# of Students		%	# of Students	
				GSLP	CWS, NDSL, EOG, SEOG		GOVT.	PVT.		G.I. BILL	WAR WID. AND WAR ORPH.		STATE	PVT.			
1-100	81 17.2%	5,666 4.3%	13,240 4.9%	2,099 15.8%	348 2.7%	18.5	776	920	12.6	923		7.0		151	1.1	5,217	39.2
101-200	161 34.3%	23,897 18.0%	55,288 20.0%	12,501 22.6%	2,102 3.8%	26.4	2,472	2,834	10.0	4,529		8.2		996	1.8	25,434	46.0
201-300	85 18.0%	21,162 16.0%	46,062 17.7%	10,478 21.8%	1,956 4.1%	25.9	1,622	1,677	6.9	4,078		19.3		417	0.9	20,228	42.1
301-400	53 11.3%	18,277 13.8%	36,565 13.4%	8,683 23.7%	1,476 4.1%	27.8	1,382	1,137	6.9	3,835		21.0		238	0.7	16,751	45.8
401-500	27 5.7%	11,699 8.8%	25,091 9.4%	6,876 26.8%	310 1.2%	28.0	607	651	4.9	1,757		15.0		233	0.9	9,433	36.7
501-600	23 4.9%	12,542 9.4%	21,782 8.0%	6,365 29.2%	1,184 5.5%	34.7	791	542	6.1	2,110		9.7		349	1.6	11,341	52.1
601-700	11 2.3%	7,069 5.3%	14,517 5.3%	3,793 26.1%	439 3.0%	29.1	446	189	4.4	1,969		13.6		133	0.9	6,969	48.0
701-800	9 2.0%	6,054 4.5%	14,581 5.8%	1,592 10.9%	819 5.6%	16.5	396	768	8.0	1,231		8.4		262	1.8	5,069	34.8
801-900	3 .6%	2,527 1.9%	4,213 1.5%	1,731 41.1%	---	41.1	23	97	2.8	196		4.6		85	2.0	2,132	50.6
901-1000	5 1.1%	4,835 3.6%	7,428 2.7%	469 6.3%	511 6.9%	13.2	97	107	2.7	2,094		28.2		407	[illegible]	3,655	49.6
Over 1000	12 2.6%	19,198 14.4%	30,665 11.3%	4,936 19.4%	3,084 6.7%	26.1	411	287	2.3	3,046		9.9		1,217	4.0	13,781	44.9
TOTALS	470 100%	132,926 100%	272,032 100%	59,523 21.9%	12,229 4.5%	26 .4	9,025	9,209	6.7	25,768		9.5		4,488	1.6	120,039	44.1

*Data taken from Annual Reports filed with Accrediting Commission, Mar. 15, 1973. **Percentages based on total gross enrollments for entire year (col. 4).

Attachment 1-C

ANALYSIS OF AICS STUDENT ENROLLMENTS - January 1, 1973 to December 31, 1973

SCHOOL SIZE BY ENROLLMENT AT DEC. 31	NUMBER OF SCHOOLS	TOTAL NET ENROLL. AT DEC. 31	TOTAL GROSS ENROLL. DURING YEAR	STUDENT FINANCIAL AID DATA: USOE INST. ELIGIBILITY			CONTRACT TRAINING			VETERANS TRAINING			SCHOLARSHIPS			TOTAL WITH FIN. AID	
				# of Students		%**	# of Students		%	# of Students		%	# of Students		%	# of Students	%
				GSLP	CWS, NDSL, BOG, SEOG		GOVT.	PVT.		G.I. BILL	WAR WID. AND WAR ORPH.		STATE	PVT.			
1-100	96 (21.0%)	6,781 (5.3%)	13,377 (6.6%)	1,921 (14.4%)	1,075 (8.0%)	22.4	1,408	51	11.0	1,108		8.3		82	.6	5,645	42.2
101-200	147 (32.2%)	22,196 (17.2%)	39,488 (19.4%)	7,465 (18.9%)	3,793 (9.6%)	28.5	3,774	89	9.8	4,991		12.6		333	.8	20,450	51.8
201-300	89 (19.5%)	22,212 (17.3%)	35,120 (17.3%)	7,554 (21.5%)	4,729 (13.4%)	34.9	3,377	119	7.1	4,915		14.1		309	.9	20,003	56.9
301-400	36 (7.8%)	11,639 (9.0%)	17,817 (8.8%)	4,177 (23.4%)	1,348 (7.6%)	31.0	1,284	52	7.5	3,773		21.2		262	1.5	10,896	61.2
401-500	36 (7.8%)	16,124 (12.5%)	24,373 (12.0%)	7,017 (28.8%)	1,698 (6.9%)	35.7	2,528	101	6.7	13,393		54.9		293	1.2	24,020	98.5
501-600	14 (3.1%)	7,015 (6.2%)	9,859 (4.8%)	2,154 (21.8%)	1,424 (14.5%)	36.3	271	4	2.8	1,202		12.2		156	1.6	5,211	52.8
601-700	10 (2.3%)	5,836 (4.5%)	6,947 (3.4%)	1,095 (15.8%)	461 (6.6%)	22.	326	3	4.7	1,604		23.1		9	.1	3,498	50.4
701-800	5 (1.1%)	3,865 (2.9%)	6,205 (3.2%)	16 (00.3%)	1,312 (21.1%)	71.4	261	-0-	4.2	330		5.3		21	.3	1,940	31.3
801-900	5 (1.1%)	3,402 (2.6%)	5,748 (2.8%)	1,339 (23.3%)	1,028 (17.9%)	41.2	237	1	4.1	1,287		22.4		39	.7	3,931	68.4
901-1000	4 (.8%)	3,829 (2.9%)	4,494 (2.2%)	1,377 (30.6%)	273 (6.1%)	36.7	190	-0-	4.2	1,387		30.8		33	.7	3,260	72.5
Over 1000	15 (3.3%)	25,269 (19.6%)	39,736 (19.5%)	1,128 (2.8%)	2,256 (5.7%)	8.5	359	986	3.4	11,008		27.7		213	.5	15,950	40.1
TOTALS	457	128,968	203,164	35,243 (17.3%)	19,402 (9.6%)	26.9	12,015	1,406	6.6	44,998		22.1		1,740	.8	114,804	56.5

*Data taken from Annual Reports filed with Accrediting Commission, March 15, 1974. **Percentages based on total gross enrollments for entire year (col. 4).

Attachment 2-A

Memo

(Formerly United Business Schools Association)
Association of
Independent Colleges and Schools
Richard A. Fulton, Executive Director
Accrediting Commission
Dana R. Hart, Executive Secretary
1730 M STREET, N.W., WASHINGTON, D.C. 20036 202/659-2460

October 24, 1974

To: R.A.F.

From: Mary B. Wine MBW

Subject: Qualitative Analysis Summary of the AICS 1974 Members' Business Opinion Survey.

The following summary is based on 208 responses to the 1974 Members' Business Opinion Survey. This is 43% of our total membership. This survey indicates the following significant trends and points concerning our membership's business:

1. Enrollments continue to be up this year but not as great as last year. For example, full-time enrollment nationally was up 8% this year as compared to 28% last year. Of the five regions, the Pacific Region showed the greatest percentage of increase; 17% rise in full-time students, while the Southwestern Region showed no increase over last year.

2. The female student population continues to predominate the total student population; over 70%.

3. As compared to last year, there appears to be a significant rise in students seeking programs longer than one academic year as compared to other programs. However, all programs continue to rise.

4. There appears to be a downtrend in students using government-sponsored programs (G.I. Bill, government contracts, and FISL) for tuition aid as compared to last year.

5. Advertising Media. Newspaper display ads and direct mail continue to be the most reliable advertising media with the predominant portion of the schools' advertising budget being allocated to these two media. Radio and TV appear to be used less frequently this year as compared to last year.

6. There has been a 100% increase of full-time financial aid administrators within our schools. The percentage of schools with no financial aid administrator has dropped from 38% last year to 6% this year. This indicates an apparent strong move on the part of our member schools in assisting their students to locate and obtain supportive funds to pay for their education.

AICS 1974 Members' Business Opinion Survey - Analysis
PAGE TWO

7. Community colleges and area vocational schools continue to be a problem; however, there appears to be less concern this year over their economic impact on our member schools than last year.

[illegible] An apparent optimism is indicated by 100% of the respondees stating that they expect to be in business next year. Last year only 92% of the respondees stated they expected to be in business this year. The five-year projection indicates that 99% expect to be in business.

AICS believes that this Statistical report generated from the Members' Business Opinion Survey can be a useful tool in evaluating one's own institution.

Attachment 2-B

AICS 1974

STATISTICAL ANALYSIS OF THE MEMBERS' BUSINESS OPINION SURVEY

PREPARED BY

PATES INFOSYSTEMS ASSOCIATES
7772 SKYLES WAY, SUITE 202
SPRINGFIELD, VA. 22151

NORTHEASTERN STATES	SOUTHEASTERN STATES	SOUTHWESTERN STATES	CENTRAL STATES	PACIFIC STATES
CANADA	ALABAMA	ARIZONA	COLORADO	ALASKA
CONNECTICUT	FLORIDA	ARKANSAS	IOWA	CALIFORNIA
DELAWARE	GEORGIA	LOUISIANA	KANSAS	HAWAII
DISTRICT OF COLUMBIA	KENTUCKY	NEW MEXICO	MINNESOTA	IDAHO
ILLINOIS	MISSISSIPPI	OKLAHOMA	MISSOURI	MONTANA
INDIANA	NORTH CAROLINA	TEXAS	NEBRASKA	NEVADA
MAINE	SOUTH CAROLINA		NORTH DAKOTA	OREGON
MARYLAND	TENNESSEE		SOUTH DAKOTA	UTAH
MASSACHUSETTS	VIRGIN ISLANDS		WYOMING	WASHINGTON
MICHIGAN	VIRGINIA			
NEW HAMPSHIRE				
NEW JERSEY				
NEW YORK				
OHIO				
PENNSYLVANIA				
PUERTO RICO				
RHODE ISLAND				
VERMONT				
WEST VIRGINIA				
WISCONSIN				

THERE WERE 208 RESPONDEES INCLUDED IN THE STATISTICS OF THIS SURVEY.

NOTE: PERCENTAGES WILL NOT ADD TO 100 IN ALL CASES BECAUSE: (1) THE WAY THE RESPONDEES ESTIMATED THEIR PERCENTAGES; AND (2) CUMULATIVE ROUNDING ERRORS THAT MAY HAVE OCCURRED DURING COMPUTATION.

QUESTION 1 -- HOW IS BUSINESS THIS SEPTEMBER COMPARED TO LAST YEAR?

	SAME	UP		DOWN		TREND
		RESPONSES	MEAN (%)	RESPONSES	MEAN (%)	MEAN (%)
NATIONAL STATISTICS						
FULL TIME STUDENTS	41	110	24	52	17	8 UP
PART TIME STUDENTS	70	35	26	22	15	4 UP
EVENING STUDENTS	40	59	36	30	24	9 UP
NORTHEASTERN REGION						
FULL TIME STUDENTS	14	32	22	16	18	6 UP
PART TIME STUDENTS	19	16	33	4	6	12 UP
EVENING STUDENTS	10	14	41	6	19	15 UP
SOUTHEASTERN REGION						
FULL TIME STUDENTS	9	21	22	5	12	11 UP
PART TIME STUDENTS	11	7	17	5	17	1 UP
EVENING STUDENTS	6	15	31	6	9	15 UP
SOUTHWESTERN REGION						
FULL TIME STUDENTS	2	15	18	9	29	NO CHANGE
PART TIME STUDENTS	10	0	0	3	11	2 DOWN
EVENING STUDENTS	6	8	27	7	36	1 DOWN
CENTRAL REGION						
FULL TIME STUDENTS	15	23	26	14	13	8 UP
PART TIME STUDENTS	21	7	14	5	19	NO CHANGE
EVENING STUDENTS	14	15	35	5	24	11 UP
PACIFIC REGION						
FULL TIME STUDENTS	1	19	32	8	14	17 UP
PART TIME STUDENTS	9	5	36	5	20	4 UP
EVENING STUDENTS	4	6	35	6	32	NO CHANGE

QUESTION 2 -- WHAT IS YOUR MIX OF MALE AND FEMALE STUDENTS THIS YEAR?

	FULL TIME (%)	PART TIME (%)	EVENING (%)
NATIONAL STATISTICS			
MALE	28	29	44
FEMALE	74	77	59
NORTHEASTERN REGION			
MALE	29	35	38
FEMALE	77	73	65
SOUTHEASTERN REGION			
MALE	31	38	60
FEMALE	71	75	43
SOUTHWESTERN REGION			
MALE	21	24	35
FEMALE	76	73	61
CENTRAL REGION			
MALE	34	24	48
FEMALE	71	78	60
PACIFIC REGION			
MALE	21	23	27
FEMALE	79	98	74

QUESTION 3 -- COMPARED TO LAST YEAR WHAT PERCENTAGE OF YOUR NEW FULL-TIME STUDENTS GRADUATED FROM HIGH SCHOOL WITHIN 12 MONTHS OF ENTERING YOUR SCHOOL?

	SAME	UP		DOWN		TREND
		RESPONSES	MEAN (%)	RESPONSES	MEAN (%)	MEAN (%)
NATIONAL STATISTICS	114	46	22	37	17	2 UP
NORTHEASTERN REGION	32	13	30	12	16	3 UP
SOUTHEASTERN REGION	20	8	18	7	15	1 UP
SOUTHWESTERN REGION	14	6	27	6	22	1 UP
CENTRAL REGION	31	12	18	10	15	1 UP
PACIFIC REGION	17	7	17	2	20	3 UP

QUESTION 4 -- WHAT PERCENTAGE OF YOUR FULL-TIME STUDENTS HAVE HAD RECENT COLLEGE EXPERIENCE? (PAST TWO YEARS)

	SAME	UP		DOWN		TREND
		RESPONSES	MEAN (%)	RESPONSES	MEAN (%)	MEAN (%)
NATIONAL STATISTICS						
COMPARED TO LAST YEAR	94	87	15	14	13	5 UP
COMPARED TO 5 YEARS AGO	46	85	20	9	20	10 UP
NORTHEASTERN REGION						
COMPARED TO LAST YEAR	21	32	14	7	14	6 UP
COMPARED TO 5 YEARS AGO	9	33	18	2	42	11 UP
SOUTHEASTERN REGION						
COMPARED TO LAST YEAR	15	16	8	2	4	4 UP
COMPARED TO 5 YEARS AGO	7	16	25	2	20	14 UP
SOUTHWESTERN REGION						
COMPARED TO LAST YEAR	14	8	15	3	21	2 UP
COMPARED TO 5 YEARS AGO	12	8	23	2	15	7 UP
CENTRAL REGION						
COMPARED TO LAST YEAR	27	23	14	2	3	6 UP
COMPARED TO 5 YEARS AGO	12	18	20	3	10	10 UP
PACIFIC REGION						
COMPARED TO LAST YEAR	17	8	32	0	0	10 UP
COMPARED TO 5 YEARS AGO	6	10	16	0	0	10 UP

QUESTION 5 -- WHAT PERCENTAGE OF YOUR FULL-TIME STUDENTS ARE OVER 25 YEARS OF AGE?

	SAME	UP		DOWN		TREND
		RESPONSES	MEAN (%)	RESPONSES	MEAN (%)	MEAN (%)
NATIONAL STATISTICS						
COMPARED TO LAST YEAR	105	65	14	23	16	2 UP
COMPARED TO 5 YEARS AGO	68	48	21	10	20	6 UP
NORTHEASTERN REGION						
COMPARED TO LAST YEAR	31	24	9	4	5	3 UP
COMPARED TO 5 YEARS AGO	19	20	15	3	16	6 UP
SOUTHEASTERN REGION						
COMPARED TO LAST YEAR	18	12	12	4	31	NO CHANGE
COMPARED TO 5 YEARS AGO	9	12	34	1	30	17 UP
SOUTHWESTERN REGION						
COMPARED TO LAST YEAR	15	4	30	6	16	NO CHANGE
COMPARED TO 5 YEARS AGO	14	3	14	4	21	-2 DOWN
CENTRAL REGION						
COMPARED TO LAST YEAR	26	20	13	4	5	5 UP
COMPARED TO 5 YEARS AGO	19	9	22	0	0	7 UP
PACIFIC REGION						
COMPARED TO LAST YEAR	15	5	33	5	22	2 UP
COMPARED TO 5 YEARS AGO	7	4	16	2	17	2 UP

QUESTION 6A -- COMPARED TO LAST YEAR WHAT PERCENTAGE OF YOUR STUDENTS ARE ENROLLED IN PROGRAMS OF AN ACADEMIC YEAR OF 8-10 MONTHS?

	SAME	UP		DOWN		TREND
		RESPONSES	MEAN (%)	RESPONSES	MEAN (%)	MEAN (%)
NATIONAL STATISTICS	96	47	21	24	17	3 UP
NORTHEASTERN REGION	25	15	21	10	11	4 UP
SOUTHEASTERN REGION	16	8	22	3	7	5 UP
SOUTHWESTERN REGION	10	12	25	2	46	8 UP
CENTRAL REGION	26	7	11	7	22	-2 DOWN
PACIFIC REGION	19	5	26	2	15	3 UP

QUESTION 68 -- COMPARED TO LAST YEAR WHAT PERCENTAGE OF YOUR STUDENTS ARE ENROLLED IN PROGRAMS OF LONGER THAN 1 ACADEMIC YEAR?

	SAME	UP		DOWN		TREND
		RESPONSES	MEAN (%)	RESPONSES	MEAN (%)	MEAN (%)
NATIONAL STATISTICS	66	52	29	20	25	7 UP
NORTHEASTERN REGION	19	21	24	7	13	9 UP
SOUTHEASTERN REGION	14	6	36	5	37	1 UP
SOUTHWESTERN REGION	4	4	46	5	21	6 UP
CENTRAL REGION	21	18	27	1	20	11 UP
PACIFIC REGION	8	3	32	2	54	NO CHANGE

QUESTION 6C -- COMPARED TO LAST YEAR WHAT PERCENTAGE OF YOUR STUDENTS ARE ENROLLED
IN PROGRAMS OF LESS THAN 8 MONTHS (SHORT COURSES)?

	SAME	UP		DOWN		TREND
		RESPONSES	MEAN (%)	RESPONSES	MEAN (%)	MEAN (%)
NATIONAL STATISTICS	61	39	32	19	26	6 UP
NORTHEASTERN REGION	13	14	41	4	19	16 UP
SOUTHEASTERN REGION	13	6	27	2	18	6 UP
SOUTHWESTERN REGION	8	8	28	3	35	6 UP
CENTRAL REGION	15	7	27	5	30	1 UP
PACIFIC REGION	12	4	23	5	27	-2 DOWN

QUESTION 7 -- COMPARED TO LAST YEAR HOW ARE THE STUDENTS PAYING FOR THESE COURSES?

A -- GI BILL, WAR ORPHANS, WAR WIDOWS

	SAME	UP		DOWN		TREND
		RESPONSES	MEAN (%)	RESPONSES	MEAN (%)	MEAN (%)
NATIONAL STATISTICS	113	41	24	32	21	1 UP
NORTHEASTERN REGION	37	12	14	8	24	NO CHANGE
SOUTHEASTERN REGION	15	12	43	5	14	14 UP
SOUTHWESTERN REGION	16	4	22	5	30	-2 DOWN
CENTRAL REGION	29	10	19	9	19	NO CHANGE
PACIFIC REGION	16	3	11	5	16	-1 DOWN

QUESTION 7 -- COMPARED TO LAST YEAR HOW ARE THE STUDENTS PAYING FOR THESE COURSES?

B -- GOVERNMENT CONTRACT; I.E., VOCATIONAL REHABILITATION, MDTA, WIN, TUITION ASSISTANCE

	SAME	UP		DOWN		TREND
		RESPONSES	MEAN (%)	RESPONSES	MEAN (%)	MEAN (%)
NATIONAL STATISTICS	92	55	19	37	24	NO CHANGE
NORTHEASTERN REGION	32	17	13	8	29	NO CHANGE
SOUTHEASTERN REGION	15	10	19	7	20	1 UP
SOUTHWESTERN REGION	9	9	28	7	17	5 UP
CENTRAL REGION	24	14	23	9	31	NO CHANGE
PACIFIC REGION	12	5	11	6	19	-2 DOWN

QUESTION 7 -- COMPARED TO LAST YEAR HOW ARE THE STUDENTS PAYING FOR THESE COURSES?

C -- INSURED LOAN PROGRAM FISL

	SAME	UP		DOWN		TREND
		RESPONSES	MEAN (%)	RESPONSES	MEAN (%)	MEAN (%)
NATIONAL STATISTICS	47	59	26	43	43	-1 DOWN
NORTHEASTERN REGION	25	22	26	4	28	9 UP
SOUTHEASTERN REGION	11	6	18	13	35	11 DOWN
SOUTHWESTERN REGION	8	4	37	13	62	26 DOWN
CENTRAL REGION	14	21	24	6	29	8 UP
PACIFIC REGION	9	6	32	7	45	-5 DOWN

QUESTION 8 -- ARE YOUR VETERANS MEASURED ON:

	NO. OF RESPONSES
CLOCK HOUR BASIS	150
CREDIT HOUR BASIS	51

QUESTION 9 -- WHAT PERCENTAGE OF YOUR VETERAN ENROLLMENT THIS YEAR IS:

	MEAN AVERAGE	
	FULL TIME	PART TIME
NATIONAL STATISTICS	81	37
NORTHEASTERN REGION	86	34
SOUTHEASTERN REGION	70	46
SOUTHWESTERN REGION	65	38
CENTRAL REGION	86	30
PACIFIC REGION	90	26

QUESTION 10 -- OF WHAT VALUE ARE THE FOLLOWING HIGH SCHOOL PERSONNEL AND EVENTS TO YOUR RECRUITING EFFORTS?

10A -- GUIDANCE COUNSELORS

	TODAY (%)	1 YEAR AGO (%)
NATIONAL STATISTICS		
IMPORTANT	57	56
SOME VALUE	34	32
INSIGNIFICANT	8	11
NORTHEASTERN REGION		
IMPORTANT	72	72
SOME VALUE	24	20
INSIGNIFICANT	3	6
SOUTHEASTERN REGION		
IMPORTANT	64	61
SOME VALUE	26	29
INSIGNIFICANT	8	8
SOUTHWESTERN REGION		
IMPORTANT	42	46
SOME VALUE	34	23
INSIGNIFICANT	23	30
CENTRAL REGION		
IMPORTANT	46	50
SOME VALUE	44	38
INSIGNIFICANT	8	10
PACIFIC REGION		
IMPORTANT	53	33
SOME VALUE	42	59
INSIGNIFICANT	3	7

108 -- BUSINESS EDUCATION TEACHERS

	TODAY (%)	1 YEAR AGO (%)
NATIONAL STATISTICS		
IMPORTANT	56	51
SOME VALUE	33	37
INSIGNIFICANT	9	11
NORTHEASTERN REGION		
IMPORTANT	58	57
SOME VALUE	33	31
INSIGNIFICANT	8	11
SOUTHEASTERN REGION		
IMPORTANT	58	55
SOME VALUE	26	29
INSIGNIFICANT	14	14
SOUTHWESTERN REGION		
IMPORTANT	42	42
SOME VALUE	46	38
INSIGNIFICANT	11	19
CENTRAL REGION		
IMPORTANT	57	49
SOME VALUE	33	43
INSIGNIFICANT	8	7
PACIFIC REGION		
IMPORTANT	64	44
SOME VALUE	28	44
INSIGNIFICANT	7	11

10C -- HIGH SCHOOL PRINCIPALS

	TODAY (%)	1 YEAR AGO (%)
NATIONAL STATISTICS		
IMPORTANT	13	12
SOME VALUE	37	36
INSIGNIFICANT	49	51
NORTHEASTERN REGION		
IMPORTANT	8	7
SOME VALUE	33	31
INSIGNIFICANT	58	60
SOUTHEASTERN REGION		
IMPORTANT	20	20
SOME VALUE	29	32
INSIGNIFICANT	50	47
SOUTHWESTERN REGION		
IMPORTANT	11	15
SOME VALUE	53	50
INSIGNIFICANT	34	34
CENTRAL REGION		
IMPORTANT	16	16
SOME VALUE	30	29
INSIGNIFICANT	53	54
PACIFIC REGION		
IMPORTANT	10	0
SOME VALUE	53	55
INSIGNIFICANT	35	44

100 -- CAREER DAYS

	TODAY (%)	1 YEAR AGO (%)
NATIONAL STATISTICS		
IMPORTANT	37	35
SOME VALUE	43	46
INSIGNIFICANT	18	17
NORTHEASTERN REGION		
IMPORTANT	40	38
SOME VALUE	51	53
INSIGNIFICANT	8	7
SOUTHEASTERN REGION		
IMPORTANT	29	29
SOME VALUE	41	50
INSIGNIFICANT	29	20
SOUTHWESTERN REGION		
IMPORTANT	34	38
SOME VALUE	42	38
INSIGNIFICANT	23	23
CENTRAL REGION		
IMPORTANT	44	38
SOME VALUE	37	41
INSIGNIFICANT	17	20
PACIFIC REGION		
IMPORTANT	32	29
SOME VALUE	39	44
INSIGNIFICANT	28	25

QUESTION 11 -- OF WHAT VALUE ARE THE FOLLOWING ADVERTISING MEDIA TO YOUR RECRUITING EFFORTS?

11A -- NEWSPAPER DISPLAY ADS

	TODAY (%)	1 YEAR AGO (%)
NATIONAL STATISTICS		
IMPORTANT	48	50
SOME VALUE	32	33
INSIGNIFICANT	19	16
NORTHEASTERN REGION		
IMPORTANT	45	46
SOME VALUE	30	32
INSIGNIFICANT	24	20
SOUTHEASTERN REGION		
IMPORTANT	52	52
SOME VALUE	44	44
INSIGNIFICANT	2	2
SOUTHWESTERN REGION		
IMPORTANT	50	61
SOME VALUE	23	19
INSIGNIFICANT	26	19
CENTRAL REGION		
IMPORTANT	41	43
SOME VALUE	35	36
INSIGNIFICANT	23	20
PACIFIC REGION		
IMPORTANT	62	55
SOME VALUE	25	33
INSIGNIFICANT	11	11

11B -- NEWSPAPER CLASSIFIED ADS

	TODAY (%)	1 YEAR AGO (%)
NATIONAL STATISTICS		
IMPORTANT	33	32
SOME VALUE	24	25
INSIGNIFICANT	42	41
NORTHEASTERN REGION		
IMPORTANT	16	14
SOME VALUE	18	17
INSIGNIFICANT	65	67
SOUTHEASTERN REGION		
IMPORTANT	51	51
SOME VALUE	25	22
INSIGNIFICANT	22	25
SOUTHWESTERN REGION		
IMPORTANT	46	50
SOME VALUE	26	26
INSIGNIFICANT	26	23
CENTRAL REGION		
IMPORTANT	28	27
SOME VALUE	26	27
INSIGNIFICANT	45	45
PACIFIC REGION		
IMPORTANT	42	40
SOME VALUE	28	40
INSIGNIFICANT	28	18

IIC -- RADIO ADS

	TODAY (%)	1 YEAR AGO (%)
NATIONAL STATISTICS		
IMPORTANT	16	14
SOME VALUE	39	30
INSIGNIFICANT	44	54
NORTHEASTERN REGION		
IMPORTANT	18	16
SOME VALUE	35	29
INSIGNIFICANT	46	54
SOUTHEASTERN REGION		
IMPORTANT	15	15
SOME VALUE	56	40
INSIGNIFICANT	29	43
SOUTHWESTERN REGION		
IMPORTANT	9	8
SOME VALUE	20	20
INSIGNIFICANT	70	70
CENTRAL REGION		
IMPORTANT	16	14
SOME VALUE	36	27
INSIGNIFICANT	46	57
PACIFIC REGION		
IMPORTANT	22	15
SOME VALUE	48	34
INSIGNIFICANT	29	50

IID -- TELEVISION ADS

	TODAY (%)	1 YEAR AGO (%)
NATIONAL STATISTICS		
IMPORTANT	15	10
SOME VALUE	24	25
INSIGNIFICANT	59	64
NORTHEASTERN REGION		
IMPORTANT	14	10
SOME VALUE	8	9
INSIGNIFICANT	76	81
SOUTHEASTERN REGION		
IMPORTANT	15	0
SOME VALUE	42	44
INSIGNIFICANT	42	56
SOUTHWESTERN REGION		
IMPORTANT	22	18
SOME VALUE	36	50
INSIGNIFICANT	40	31
CENTRAL REGION		
IMPORTANT	14	13
SOME VALUE	22	17
INSIGNIFICANT	62	69
PACIFIC REGION		
IMPORTANT	15	5
SOME VALUE	30	36
INSIGNIFICANT	55	57

IIE -- DIRECT MAIL

	TODAY (%)	1 YEAR AGO (%)
NATIONAL STATISTICS		
IMPORTANT	65	61
SOME VALUE	24	25
INSIGNIFICANT	10	12
NORTHEASTERN REGION		
IMPORTANT	61	55
SOME VALUE	21	26
INSIGNIFICANT	15	18
SOUTHEASTERN REGION		
IMPORTANT	71	70
SOME VALUE	22	20
INSIGNIFICANT	5	8
SOUTHWESTERN REGION		
IMPORTANT	56	60
SOME VALUE	36	32
INSIGNIFICANT	8	8
CENTRAL REGION		
IMPORTANT	73	67
SOME VALUE	23	23
INSIGNIFICANT	3	9
PACIFIC REGION		
IMPORTANT	55	53
SOME VALUE	25	30
INSIGNIFICANT	18	15

QUESTION 12 -- HOW DO YOU ALLOCATE YOUR ADVERTISING EXPENSES? ESTIMATE PERCENTAGE OF BUDGET.

	TODAY (%)	1 YEAR AGO (%)
NEWSPAPERS	43	45
RADIO	18	16
TELEVISION	20	21
DIRECT MAIL	40	42

QUESTION 13 -- WHAT ARE YOU DOING ABOUT THE ADMINISTRATION OF THE VARIOUS STUDENT FINANCIAL AID PROGRAMS?

13A -- HAVE YOU APPOINTED A STUDENT FINANCIAL AID ADMINISTRATOR?

	FULL TIME (%)	PART TIME (%)	NO ADMINISTRATOR (%)
NATIONAL_STATISTICS	44	49	6
NORTHEASTERN_REGION	27	62	9
SOUTHEASTERN_REGION	42	31	5
SOUTHWESTERN_REGION	42	53	3
CENTRAL_REGION	42	51	5
PACIFIC_REGION	60	35	3

138 -- HAVE YOU RECEIVED INVITATIONS TO ATTEND STUDENT FINANCIAL AID CONFERENCES OTHER THAN GOVERNMENT SPONSORED

	YES	NO
NATIONAL STATISTICS	94	6
NORTHEASTERN REGION	92	8
SOUTHEASTERN REGION	94	6
SOUTHWESTERN REGION	100	0
CENTRAL REGION	96	4
PACIFIC REGION	92	8

13C -- HAS A REPRESENTATIVE FROM YOUR SCHOOL ATTENDED A STUDENT FINANCIAL AID CONFERENCE?

	YES	NO
NATIONAL STATISTICS	92	8
NORTHEASTERN REGION	93	7
SOUTHEASTERN REGION	94	6
SOUTHWESTERN REGION	92	8
CENTRAL REGION	89	11
PACIFIC REGION	96	4

13D -- WAS THE CONFERENCE BENEFICIAL TO YOUR SCHOOL?

	YES	NO
NATIONAL STATISTICS	90	10
NORTHEASTERN REGION	86	14
SOUTHEASTERN REGION	100	0
SOUTHWESTERN REGION	87	13
CENTRAL REGION	86	14
PACIFIC REGION	100	0

QUESTION 13E -- WHAT PERCENTAGE OF YOUR STUDENTS USE THE BASIC OPPORTUNITY GRANT (BOG) PROGRAM?

	YES	NO
NATIONAL STATISTICS	26	74
NORTHEASTERN REGION	28	72
SOUTHEASTERN REGION	27	73
SOUTHWESTERN REGION	26	74
CENTRAL REGION	23	77
PACIFIC REGION	25	75

QUESTION 14 -- DO YOU EXPECT YOUR SCHOOL TO BE IN BUSINESS:

	NEXT YEAR		IN FIVE YEARS	
	YES (%)	NO (%)	YES (%)	NO (%)
NATIONAL STATISTICS	100	0	99	1
NORTHEASTERN REGION	100	0	100	0
SOUTHEASTERN REGION	100	0	96	4
SOUTHWESTERN REGION	100	0	100	0
CENTRAL REGION	100	0	100	0
PACIFIC REGION	100	0	100	0

QUESTION 15 -- HOW HAVE COMMUNITY COLLEGES AND AREA VOCATIONAL SCHOOLS AFFECTED YOUR ENROLLMENTS?

PERCENTAGE OF TOTAL RESPONSES

	NONE IN MY AREA	SMALL IMPACT AT FIRST, BUT HAS STABILIZED	SIGNIFICANT IMPACT, BUT SEEMS TO BE STABILIZING	SIGNIFICANT IMPACT AND CONTINUES A PROBLEM	CAUSING SCHOOL TO SERIOUSLY CONSIDER CONTINUING AS A BUSINESS
NATIONAL STATISTICS	10	30	30	27	0
NORTHEASTERN REGION	11	27	33	25	1
SOUTHEASTERN REGION	8	26	44	17	2
SOUTHWESTERN REGION	11	42	11	34	0
CENTRAL REGION	10	30	27	30	0
PACIFIC REGION	7	28	32	32	0

QUESTION 16 -- PLEASE INDICATE YOUR STUDENT POPULATION BY CATEGORY FOR THE FALL TERM, 1974.

THE BELOW TABULATION REPRESENTS THE NUMBER OF RESPONSES IN EACH OF THE RANGES:

	0-50	51-100	101-150	151-200	201-250	251-350	351-450	451-550	551-750	OVER 750
TOTAL POPULATION	22	34	21	29	16	32	15	11	16	12
FULL TIME DAY	31	45	38	27	15	22	13	7	7	3
FULL TIME EVENING	160	19	9	6	2	4	3	2	0	3
PART TIME DAY	201	4	1	1	0	1	0	0	0	0
PART TIME EVENING	166	26	5	2	2	3	1	0	0	3

Attachment 3-A

A QUALITATIVE ANALYSIS SUMMARY
OF THE
AICS 1973 MEMBERS' BUSINESS OPINION SURVEY

The following summary is based on 201 responses to the Members' Business Opinion Survey. Approximately 20 additional responses arrived too late to be computed into the report.

It is the purpose of this summary to extract meaningful information from the data generated from each question.

QUESTION 1.

...Business is up approximately 25 percent nationally compared to last year; however, business is up considerably more in the Southeastern Region.

...The only noticeable appearance of a downward trend is in the Central Region.

QUESTION 2.

...Compared to 5 years ago business is up approximately 50 percent nationally. As noted in Question 1, business is up significantly in the Southeastern Region and down in the Central Region.

QUESTION 3.

...Two errors appear on page 3. In the Northeastern Region, the full-time percentage of females should be changed from 20 to 73; and in the Pacific Region, the full-time percentage of females should be changed from 78 to 56.

...It is apparent both nationally and regionally that the female population is noticeably greater than the male.

QUESTION 4.

...It should be noted that even though there is an upward trend of recent high school graduates nationally, the percentage gain is not significant.

...Although not indicated, the mean percentage for each region of full-time students who are recent graduates is approximately the same as the national statistic, which is 21 percent.

QUESTION 5.

...The upward trend, both nationally and regionally, of full-time students who have had recent college experience implies that proprietary schools are beginning to attract a greater number of students from other institutions of higher education.

QUESTION 6.

...The general consensus has been that proprietary schools usually attract students between ages 18-25; however, based on Question 6, there appears to be a trend toward attracting an older student.

QUESTION 7a, b, c.

...Evidence is indicated in 7a, b, and c that there appears to be a trend among students to enroll in so-called short courses as opposed to longer courses.

QUESTION 8a.

...Compared to last year, the percentage of students on the G. I. Bill, War Orphans, and War Widows generally appears to be up both nationally and regionally.

...In addition, both nationally and regionally, there is a definite indication that proprietary schools have more part-time veterans than full-time.

QUESTION 8b.

...Compared to last year, the percentage of students on various government educational contracts is up both nationally and regionally.

QUESTION 8c.

...Even though the national mean percentage of students using the Insured (FISL) Loan Program is relatively low, the trend compared to last year, both nationally and regionally, appears to be on the rise.

QUESTION 9a, b, c, d.

...Since recruitment is a key ingredient to the successful existence of all proprietary schools, the value of the results of this question cannot be overemphasized.

...Both nationally and regionally, almost without exception, the value of guidance counselors, business education teachers, and career days for recruitment is increasing. The percentages indicated in 9a, b, and d support this statement.

...It should be noted, however, that the value of the high school principal (9c) for recruitment is declining.

QUESTION 10a, b, c, d.

...It is apparent from the data collected that proprietary schools still consider direct mail, newspaper classified ads, and mewspaper display ads the most effective means of advertising, while television and radio still prove to be less effective.

QUESTION 11a.

...The results of Question 11 are directly related to the results of Question 10 in that they reflect the importance of the various types of advertising. However, a possible reason for the high percentage of a school's budget allocated for television advertising can be attributed to the high cost of TV advertising.

QUESTION 11b.

...It is encouraging to see that there is a definite trend toward developing a budgetary system to assist in decision-making and result-evaluation.

QUESTION 12a.

...Part-time student financial aid administrators, both nationally and regionally, appear to be the more popular choice among proprietary schools as opposed to full-time. It should be noted, however, that a large percentage of schools still do not have a financial aid administrator.

QUESTION 12b, c.

...There is a definite indication that proprietary schools are not receiving invitations to attend student financial aid conferences other than government sponsored. This could imply that a communication problem exists regarding financial aid conferences.

QUESTION 12d.

...It is apparent from the responses received that financial aid conferences are worth the expense and trouble.

QUESTION 12e.

...Based on the number of responses to this question and the percentages generated, there definitely appears to be a lack of understanding of the Basic Opportunity Grant Program.

QUESTION 13.

...Although the majority of respondents expect their business for the next few school years to be the same, it must also be noted that a considerable number of respondents are quite optimistic about future growth.

QUESTION 14.

...The results of this question clearly indicate that a very significant number of existing proprietary schools expect to be in operation next year.

QUESTION 15.

...Community colleges and area vocational schools continue to have an adverse effect upon proprietary schools in all regions.

QUESTION 16.

...The results of this question may appear to be somewhat ambiguous; however, we felt that a categorical distribution would be a more meaningful statistic.

QUESTION 17.

...An attempt was made by AICS to identify the key problem areas based on the comments received from the survey.

AICS believes that this Statistical Report generated from the Members' Business Opinion Survey can be a useful tool in evaluating one's own institution.

Attachment 3-B

AICS 1973

Statistical Analysis of the Members' Business Opinion Survey

Prepared By

Controlled Environment Systems Incorporated
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Responses:		
	National	201
	Northeastern	95
	Southeastern	30
	Southwestern	18
	Central	24
	Pacific	30
	Unspecified	4

Northeastern States	Southeastern States	Southwestern States	Central States	Pacific States
Canada	Alabama	Arizona	Colorado	Alaska
Connecticut	Florida	Arkansas	Iowa	California
Delaware	Georgia	Louisiana	Kansas	Hawaii
District of Columbia	Kentucky	New Mexico	Minnesota	Idaho
Illinois	Mississippi	Oklahoma	Missouri	Montana
Indiana	North Carolina	Texas	Nebraska	Nevada
Maine	South Carolina		North Dakota	Oregon
Maryland	Tennessee		South Dakota	Utah
Massachusetts	Virgin Islands		Wyoming	Washington
Michigan	Virginia			
New Hampshire				
New Jersey				
New York				
Ohio				
Pennsylvania				
Puerto Rico				
Rhode Island				
Vermone				
West Virginia				
Wisconsin				

NOTE: Percentages will not add to 100 in all cases because: (1) the way the respondees estimated their percentages; and (2) cumulative rounding errors that may have occured during computation.

Question - 1 - How is business this September compared to last year?
Responses - 201

	Same	Up		Down		Trend
		Responses	Mean (Percent)	Responses	Mean (Percent)	Mean (Percent)
National Statistics						
Full time students	57	84	42	63	18	28 up
Part time students	83	44	47	43	21	23 up
Evening students	60	72	53	41	23	28 up
Northeastern Region						
Full time students	22	40	29	26	14	17 up
Part time students	25	20	20	15	17	2 up
Evening students	26	32	40	13	14	29 up
Southeastern Region						
Full time students	12	15	80	7	21	62 up
Part time students	18	7	107	7	10	99 up
Evening students	9	18	81	4	8	73 up
Southwestern Region						
Full time students	8	8	36	8	32	2 up
Part time students	10	8	24	8	27	2 down
Evening students	6	9	31	12	26	1 up
Central Region						
Full time students	6	11	18	10	21	3 down
Part time students	14	5	14	5	21	10 down
Evening students	8	7	9	5	21	10 down
Pacific Region						
Full time students	7	9	42	13	13	28 up
Part time students	16	4	17	8	13	1 up
Evening students	11	8	27	7	10	18 up

Question - 2 - How is business this September compared to five years ago?
Responses - 182

	Same	Up		Down		Trend
		Responses	Mean (Percent)	Responses	Mean (Percent)	Mean (Percent)
National Statistics						
Full time students	35	87	84	60	26	57 up
Part time students	52	45	46	27	30	19 up
Evening students	53	63	106	44	15	90 up
Northeastern Region						
Full time students	11	39	105	28	28	76 up
Part time students	17	14	64	8	34	33 up
Evening students	18	20	161	16	43	109 up
Southeastern Region						
Full time students	6	17	243	8	31	197 up
Part time students	12	9	102	5	32	76 up
Evening students	8	16	66	5	48	18 up
Southwestern Region						
Full time students	4	9	62	7	42	21 up
Part time students	4	8	35	6	43	2 down
Evening students	6	9	58	11	38	18 up
Central Region						
Full time students	9	9	80	7	39	41 up
Part time students	10	4	35	2	60	21 down
Evening students	10	3	35	5	60	13 down
Pacific Region						
Full time students	5	13	65	11	34	29 up
Part time students	9	10	58	6	35	16 up
Evening students	11	10	66	7	44	20 up

Question - 3 - What kind of students are you getting?
Responses - 194

	Full Time (Percent)	Part Time (Percent)	Evening (Percent)
National Statistics			
Male	29	18	38
Female	73	72	57
Northeastern Region			
Male	27	21	36
Female	20	2	60
Southeastern Region			
Male	25	16	48
Female	72	70	47
Southwestern Region			
Male	28	17	37
Female	72	80	60
Central Region			
Male	20	17	28
Female	79	72	71
Pacific Region			
Male	44	10	27
Female	78	72	63

Question - 4 - What percentage of your full-time students are recent high school graduates?
Responses - 194
Mean percentage of full time students who are recent high school graduates - 21

	Same	Up		Down		Trend
		Responses	Mean (Percent)	Responses	Mean (Percent)	Mean (Percent)
National Statistics						
Compared to last year	137	26	20	28	14	5 up
Compared to 5 years ago	98	29	41	34	24	9 up
Northeastern Region						
Compared to last year	73	11	12	9	7	3 up
Compared to 5 years ago	55	13	53	9	15	35 up
Southeastern Region						
Compared to last year	20	3	25	5	21	2 up
Compared to 5 years ago	12	6	21	6	31	9 down
Southwestern Region						
Compared to last year	8	4	44	6	14	24 up
Compared to 5 years ago	3	2	75	9	27	17 up
Central Region						
Compared to last year	17	2	10	3	7	no change
Compared to 5 years ago	11	4	14	4	16	1 down
Pacific Region						
Compared to last year	21	4	25	5	19	2 up
Compared to 5 years ago	19	3	22	5	25	2 down

Question - 5 - What percentage of your full-time students have had recent college experience?
Responses - 193
Mean percentage of full time students who have had recent college experience - 17

	Same	Up		Down		Trend
		Responses	Mean (Percent)	Responses	Mean (Percent)	Mean (Percent)
National Statistics						
Compared to last year	118	53	17	13	6	12 up
Compared to 5 years ago	63	74	27	12	14	16 up
Northeastern Region						
Compared to last year	59	21	12	7	7	5 up
Compared to 5 years ago	32	33	28	4	27	no change
Southeastern Region						
Compared to last year	18	7	14	3	3	10 up
Compared to 5 years ago	8	8	24	4	9	16 up
Southwestern Region						
Compared to last year	8	9	34	0	0	-
Compared to 5 years ago	4	9	34	2	3	30 up
Central Region						
Compared to last year	17	4	8	1	5	4 up
Compared to 5 years ago	9	9	23	1	10	14 up
Pacific Region						
Compared to last year	17	11	19	1	10	9 up
Compared to 5 years ago	11	14	25	2	6	21 up

Question - 6 - What percentage of your full-time students are over 25 or in the so-called adult market?
Responses - 185
Mean percentage of full time students who are over 25 - 21

	Same	Up		Down		Trend
		Responses	Mean (Percent)	Responses	Mean (Percent)	Mean (Percent)
National Statistics						
Compared to last year	125	34	16	16	13	4 up
Compared to 5 years ago	86	43	20	18	17	3 up
Northeastern Region						
Compared to last year	66	14	14	3	7	12 up
Compared to 5 years ago	44	18	20	7	8	11 up
Southeastern Region						
Compared to last year	18	9	24	2	7	15 up
Compared to 5 years ago	12	9	30	1	9	20 up
Southwestern Region						
Compared to last year	8	3	15	5	9	5 up
Compared to 5 years ago	4	3	18	6	21	2 down
Central Region						
Compared to last year	17	3	7	1	2	5 up
Compared to 5 years ago	13	7	9	0	0	-
Pacific Region						
Compared to last year	17	4	14	5	24	10 down
Compared to 5 years ago	14	5	15	4	8	7 up

Question - 7a - What percentage of your students are enrolled in programs of an academic year of 8-10 months?
Responses - 180
National Mean - 57%

	Same	Up		Down		Trend
		Responses	Mean (Percent)	Responses	Mean (Percent)	Mean (Percent)
National Statistics						
Compared to last year	110	36	19	35	16	2 up
Northeastern Region						
Compared to last year	52	16	19	17	13	3 up
Southeastern Region						
Compared to last year	18	6	13	5	12	1 up
Southwestern Region						
Compared to last year	7	3	17	4	34	17 down
Central Region						
Compared to last year	16	4	12	3	10	1 up
Pacific Region						
Compared to last year	17	6	33	6	21	11 up

Question - 7b - What percentage of your students are enrolled in programs of so-called short courses?
Responses - 201
National Mean - 52 %

	Same	Up		Down		Trend
		Responses	Mean (Percent)	Responses	Mean (Percent)	Mean (Percent)
National Statistics						
compared to last year	95	78	32	39	14	18 up
Northeastern Region						
compared to last year	20	44	10	9	11	no change
Southeastern Region						
compared to last year	5	19	70	3	22	53 up
Southwestern Region						
compared to last year	3	5	5	5	17	11 down
Central Region						
compared to last year	70	2	10	14	8	2 down
Pacific Region						
compared to last year	4	8	14	8	26	13 down

Question - 7c - What percentage of your students are enrolled in programs of courses longer than one academic year?
Responses - 180
National Mean - 34 %

	Same	Up		Down		Trend
		Responses	Mean (Percent)	Responses	Mean (Percent)	Mean (Percent)
National Statistics						
compared to last year	83	25	22	38	25	2 down
Northeastern Region						
compared to last year	46	15	22	18	18	2 up
Southeastern Region						
compared to last year	8	7	11	12	33	23 down
Southwestern Region						
compared to last year	8	1	85	4	29	49 up
Central Region						
compared to last year	9	0	0	2	10	-
Pacific Region						
compared to last year	12	2	10	2	60	50 down

Question - 8a - How are the students paying for these courses? What percentage are G.I. Bill, War Orphans, War Widows?
Responses - 191
National Mean - 37%
National responses - Are veteran courses measured on a clock hour (130) or a credit hour (48) basis?

	Same	Up		Down		Trend
		Responses	Mean (Percent)	Responses	Mean (Percent)	Mean (Percent)
National Statistics						
Compared to last year	95	48	36	38	27	10 up
Veteran enrollment Full time - 27% Part time - 54% mean						
Northeastern Region						
Compared to last year	43	17	33	13	22	12 down
Veteran enrollment Full time - 22% Part time - 47% mean						
Southeastern Region						
Compared to last year	14	9	28	7	26	1 up
Veteran enrollment Full time - 25% Part time - 59% mean						
Southwestern Region						
Compared to last year	7	6	20	3	24	2 down
Veteran enrollment Full time - 26% Part time - 38% mean						
Central Region						
Compared to last year	8	7	31	6	26	5 up
Veteran enrollment Full time - 19% Part time - 32% mean						
Pacific Region						
Compared to last year	16	7	56	5	59	1 down
Veteran enrollment Full time - 31% Part time - 52% mean						

Question - 8b - How are the students paying for these courses? What percentage are on a government contract; that is, Voc. Rehab., MDTA, WIN, etc.?

Responses - 191
National Mean - 22%

	Same	Up		Down		Trend
		Responses	Mean (Percent)	Responses	Mean (Percent)	Mean (Percent)
National Statistics						
compared to last year	70	46	22	45	16	6 up
compared to 5 years ago	62	58	33	49	17	17 up
Northeastern Region						
compared to last year	32	24	24	24	19	5 up
compared to 5 years ago	29	28	32	14	16	17 up
Southeastern Region						
compared to last year	12	9	18	7	14	4 up
compared to 5 years ago	11	7	35	8	18	16 up
Southwestern Region						
compared to last year	4	6	23	6	15	8 up
compared to 5 years ago	6	6	33	4	18	16 up
Central Region						
compared to last year	20	6	20	4	16	5 up
compared to 5 years ago	14	4	34	5	17	16 up
Pacific Region						
compared to last year	2	3	19	5	14	4 up
compared to 5 years ago	2	3	33	4	16	15 up

Question - 8c - What percentage are using the Insured (FISL) Loan Program?
Responses - 191
National Mean - 19%

	Same	Up		Down		Trend
		Responses	Mean (Percent)	Responses	Mean (Percent)	Mean (Percent)
National Statistics						
compared to last year	75	69	27	48	16	12 up
compared to 5 years ago	72	68	23	47	11	13 up
Northeastern Region						
compared to last year	32	41	24	15	20	4 up
compared to 5 years ago	27	38	20	26	10	11 up
Southeastern Region						
compared to last year	14	7	30	8	14	15 up
compared to 5 years ago	12	6	26	7	13	12 up
Southwestern Region						
compared to last year	7	5	28	5	17	11 up
compared to 5 years ago	6	5	22	4	11	12 up
Central Region						
compared to last year	8	6	27	7	16	10 up
compared to 5 years ago	7	6	24	6	13	11 up
Pacific Region						
compared to last year	11	9	26	8	15	12 up
compared to 5 years ago	10	9	23	9	12	11 up

Question - 9a - Of what value for recruiting and enrollments are guidance counselors?
Responses - 192

	Today (Percent)	1 year ago (Percent)	5 years ago (Percent)
National Statistics			
most productive	11	8	10
important	46	41	37
small but significant	30	32	24
of little utility	14	14	21
Northeastern Region			
most productive	10	7	9
important	42	44	39
small but significant	29	34	28
of little utility	13	10	22
Southeastern Region			
most productive	13	9	11
important	46	46	36
small but significant	34	36	22
of little utility	17	15	19
Southwestern Region			
most productive	12	8	12
important	48	37	35
small but significant	31	28	25
of little utility	12	16	21
Central Region			
most productive	13	10	8
important	45	40	40
small but significant	28	31	26
of little utility	15	15	24
Pacific Region			
most productive	8	6	11
important	46	42	33
small but significant	33	33	24
of little utility	13	13	22

Question - 9b - Of what value for recruiting and enrollments are business education teachers?
Responses - 192

	Today (Percent)	1 year ago (Percent)	5 years ago (Percent)
National Statistics			
most productive	21	17	11
important	39	38	38
small but significant	25	23	17
of little utility	17	18	19
Northeastern Region			
most productive	20	16	10
important	38	42	41
small but significant	24	20	16
of little utility	16	17	22
Southeastern Region			
most productive	19	19	12
important	42	40	39
small but significant	29	28	20
of little utility	18	22	16
Southwestern Region			
most productive	24	18	11
important	43	35	34
small but significant	22	24	18
of little utility	24	16	14
Central Region			
most productive	25	20	9
important	33	33	35
small but significant	24	23	19
of little utility	18	14	25
Pacific Region			
most productive	21	15	13
important	36	37	40
small but significant	27	22	16
of little utility	14	17	21

Question - 9c - Of what value for recruiting and enrollments are high school principals?
Responses - 192

	Today (Percent)	1 year ago (Percent)	5 years ago (Percent)
National Statistics			
most productive	3	1	0
important	10	10	14
small but significant	32	31	26
of little utility	55	53	44
Northeastern Region			
most productive	2	2	0
important	13	13	7
small but significant	40	29	25
of little utility	57	59	50
Southeastern Region			
most productive	1	0	0
important	12	11	20
small but significant	31	33	31
of little utility	50	50	42
Southwestern Region			
most productive	4	2	0
important	6	7	16
small but significant	26	40	27
of little utility	54	52	43
Central Region			
most productive	1	0	0
important	9	10	15
small but significant	33	26	28
of little utility	56	51	45
Pacific Region			
most productive	4	1	0
important	10	11	18
small but significant	29	29	22
of little utility	58	54	44

Question - 9d - Of what value for recruiting and enrollments are career days?
Responses - 192

	Today (Percent)	1 year ago (Percent)	5 years ago (Percent)
National Statistics			
most productive	11	7	8
important	29	30	28
small but significant	35	37	31
of little utility	27	22	18
Northeastern Region			
most productive	10	6	4
important	34	41	27
small but significant	39	26	28
of little utility	22	20	17
Southeastern Region			
most productive	11	9	9
important	28	28	30
small but significant	32	42	32
of little utility	29	29	18
Southwestern Region			
most productive	13	5	8
important	27	27	32
small but significant	33	30	27
of little utility	28	23	22
Central Region			
most productive	9	6	12
important	31	36	27
small but significant	36	31	26
of little utility	28	21	23
Pacific Region			
most productive	9	7	11
important	26	31	26
small but significant	35	33	33
of little utility	24	21	19

Question - 10a - Of what value for recruiting and enrollments are newspaper classified ads? (Part One)
Responses - 197

	Today (Percent)	1 year ago (Percent)	5 years ago (Percent)
National Statistics			
most productive	15	19	16
important	31	33	28
small but significant	24	20	17
of little utility	22	20	17
Northeastern Region			
most productive	14	22	18
important	34	40	29
small but significant	16	16	16
of little utility	29	17	19
Southeastern Region			
most productive	17	16	14
important	29	40	27
small but significant	31	17	15
of little utility	16	26	21
Southwestern Region			
most productive	18	18	13
important	28	22	24
small but significant	32	28	17
of little utility	22	24	18
Central Region			
most productive	13	22	18
important	36	30	26
small but significant	20	24	21
of little utility	25	21	16
Pacific Region			
most productive	15	17	13
important	32	29	31
small but significant	20	21	20
of little utility	19	19	16

Question - 10a- Of what value for recruiting and enrollments are **newspaper display ads?** (Part Two)
Responses - 197

	Today (Percent)	1 year ago (Percent)	5 years ago (Percent)
National Statistics			
most productive	12	13	19
important	37	35	32
small but significant	32	30	22
of little utility	13	15	14
Northeastern Region			
most productive	10	16	18
important	32	38	33
small but significant	28	29	20
of little utility	16	19	16
Southeastern Region			
most productive	12	9	21
important	39	35	41
small but significant	31	22	24
of little utility	17	12	6
Southwestern Region			
most productive	9	10	16
important	41	30	42
small but significant	37	34	19
of little utility	10	15	21
Central Region			
most productive	13	14	19
important	38	32	29
small but significant	33	33	26
of little utility	12	17	15
Pacific Region			
most productive	14	13	24
important	36	34	35
small but significant	34	33	23
of little utility	12	16	13

Question - 10b- Of what value for recruiting and enrollments is radio
Responses - 197

	Today (Percent)	1 year ago (Percent)	5 years ago (Percent)
National Statistics			
most productive	6	2	2
important	20	19	19
small but significant	23	22	17
of little utility	43	41	36
Northeastern Region			
most productive	5	3	1
important	22	17	16
small but significant	24	19	21
of little utility	46	44	29
Southeastern Region			
most productive	9	2	2
important	22	22	27
small but significant	21	26	28
of little utility	45	44	42
Southwestern Region			
most productive	7	1	2
important	18	21	14
small but significant	26	24	16
of little utility	40	42	32
Central Region			
most productive	4	0	3
important	21	23	18
small but significant	17	21	21
of little utility	37	39	35
Pacific Region			
most productive	5	0	0
important	20	15	22
small but significant	22	23	15
of little utility	39	37	37

Question - 10c - Of what value for recruiting and enrollments is television?
Responses - 197

	Today (Percent)	1 year ago (Percent)	5 years ago (Percent)
National Statistics			
most productive	8	3	2
important	12	15	10
small but significant	9	10	7
of little utility	43	39	38
Northeastern Region			
most productive	11	2	0
important	16	16	14
small but significant	10	12	9
of little utility	39	41	34
Southeastern Region			
most productive	14	3	0
important	9	18	17
small but significant	8	11	13
of little utility	46	31	43
Southwestern Region			
most productive	6	1	2
important	10	13	8
small but significant	12	16	6
of little utility	42	46	41
Central Region			
most productive	9	0	2
important	11	17	14
small but significant	7	8	5
of little utility	39	36	37
Pacific Region			
most productive	8	4	0
important	10	12	7
small but significant	11	7	9
of little utility	45	38	40

Question -10d - Of what value for recruiting and enrollments is direct mail?
Responses - 197

	Today (Percent)	1 year ago (Percent)	5 years ago (Percent)
National Statistics			
most productive	37	36	35
important	37	33	26
small but significant	17	18	23
of little utility	10	14	17
Northeastern Region			
most productive	42	39	39
important	29	42	29
small but significant	20	22	28
of little utility	9	21	22
Southeastern Region			
most productive	31	41	37
important	41	28	16
small but significant	16	14	20
of little utility	7	16	16
Southwestern Region			
most productive	36	33	22
important	36	37	36
small but significant	14	20	14
of little utility	15	8	14
Central Region			
most productive	40	37	38
important	38	36	37
small but significant	24	13	31
of little utility	12	10	18
Pacific Region			
most productive	35	35	41
important	37	29	14
small but significant	18	16	25
of little utility	9	15	15

Question - 11 - How do you allocate your advertising expenses?
Responses - 196

(a) Estimated percentage of budget

	Today	1 year ago	5 years ago
Newspapers	32	33	36
Radio	10	11	10
Television	31	24	21
Direct Mail	27	32	32

(b) Do you actually have a budget analysis method to assist in decision-making and result-evaluation?

	Today	1 year ago	5 years ago
Yes	63	51	43
No	37	49	57

Question - 12a - What are you doing about the administration of the various student financial aid programs? Have you appointed a student financial aid administrator?

Responses - 180

	No (Percentage)	Part Time (Percentage)	Full Time (Percentage)
National Statistics	38	40	22
Northeastern Region	32	38	30
Southeastern Region	40	41	19
Southwestern Region	31	39	20
Central Region	39	39	22
Pacific Region	36	43	21

Question - 12b - Have you received invitiation to attend student financial aid conferences other than government sponsored?

Responses - 165

	Yes (Percentage)	No (Percentage)
National Statistics	44	56
Northeastern Region	43	57
Southeastern Region	46	54
Southwestern Region	46	54
Central Region	45	55
Pacific Region	42	58

Question - 12c - Has a representative from your school attended a student financial aid conference?
Responses - 130

	Yes (Percentage)	No (Percentage)
National Statistics	46	54
Northeastern Region	50	50
Southeastern Region	44	56
Southwestern Region	46	54
Central Region	44	55
Pacific Region	47	53

Question - 12d - Was the conference worth the expense and trouble?
Responses - 76

	Yes (Percentage)	No (Percentage)
National Statistics	65	35
Northeastern Region	60	40
Southeastern Region	66	34
Southwestern Region	68	32
Central Region	69	31
Pacific Region	62	38

Question - 12e - Does somebody in your school understand the BOG program?
Responses - 124

	Yes (Percentage)	No (Percentage)
National Statistics	61	39
Northeastern Region	62	38
Southeastern Region	65	35
Southwestern Region	58	42
Central Region	57	43
Pacific Region	63	37

Question - 13 - What would you predict for the future of the school business for the next few years?
Responses - 196

	Excellent (Percentage)	Good (Percentage)	Same (Percentage)	Poor (Percentage)	Bad (Percentage)
National Statistics	11	15	46	16	11
Northeastern Region	9	17	51	14	10
Southeastern Region	10	14	44	19	12
Southwestern Region	12	16	47	19	8
Central Region	12	14	48	14	14
Pacific Region	10	14	45	15	17

Question - 14 - Do you personally expect to be in the school business?
Responses - 193

	Yes (Mean Percentage)	No (Mean Percentage)	Don't Know (Mean Percentage)
National Statistics			
Next year	92	6	3
5 years from now	79	10	11
Northeastern Region			
Next year	93	5	2
5 years from now	74	12	15
Southeastern Region			
Next year	92	4	5
5 years from now	80	9	12
Southwestern Region			
Next year	91	5	4
5 years from now	82	10	8
Central Region			
Next year	90	8	1
5 years from now	81	11	10
Pacific Region			
Next year	89	8	3
5 years from now	82	9	9

Question - 15 - How do you feel about community colleges and area vocational schools?
Responses - 183

(Percentages)	None in my area	Have hurt my school and continue to do so	Bad and it is going to get worse	Rough at first-we have learned to adjust	Significant number of our students from these schools
National Statistics	5	46	29	11	10
Northeastern Region	4	47	28	9	11
Southeastern Region	3	49	24	12	11
Southwestern Region	5	43	31	7	10
Central Region	6	44	30	13	7
Pacific Region	5	47	27	10	12

Estimate of students received from these schools: National, 22%; Northeastern Region, 18%; Southeastern Region, 20%; Southwestern Region, 24%; Central Region, 23%; Pacific Region, 19%

Question - 16 - How many students are attending your institution on September 17, 1973?

Range	0-50	51-100	101-150	151-200	201-250	251-350	351-450	451-550	551-750	over 750
Number of Schools	12	20	36	21	23	33	22	11	10	13

Question - 17 - Is there some particular matter on your mind that you think the Association should concern itself with?

Responses - 85

	Responses
Financial Aid	16
Closer liaison with state officials	3
Refund Policy	1
Better PR by Association	24
Annual Report Paperwork	2
Veterans' Concerns	4
Problems with USOE	10
Miscellaneous	25

Attachment 4-A

1973 SUMMARY

Of Questionnaires Completed by
Independent Colleges and Schools in
The United States and Canada
on
Attendance, Tuition Rates, Courses, New Subjects Added, Etc.

A. I. C. S.
RECEIVED
JAN 11 1974
WASHINGTON, D. C.

Independent College and School Department
SOUTH-WESTERN PUBLISHING CO.
CINCINNATI WEST CHICAGO DALLAS
BURLINGAME, CALIF. PELHAM MANOR, N. Y. BRIGHTON, ENGLAND
December, 1973

DAY SCHOOL

(705 Questionnaires were mailed. A total of 231 completed questionnaires were received in time to be included in this summary.)

(1) How does the new student enrollment in your 1973 FALL term compare with last year?

12 schools reported increase of 50% to 200%
30 schools reported increase of 20% to 40%
60 schools reported increase of 1% to 19%
44 schools reported same as last year
54 schools reported decrease of 1% to 18%
31 schools reported decrease of 18% to 50%

Median of the 231 schools reported no increase - same as last year.

(2) How does your advance second-year or returning student enrollment for the fall term compare with the number of returning students at the same time last year?

64 schools with a second year program answered the question. The median was no increase enrollment - the same as last year.

(3) (a) What percentage of your day-school students at the present time is represented by women? by men?

76% are women
24% are men

100%

(b) Of the foregoing total, what percentage is represented by government-supported students; that is, veterans, deceased veterans' children, foreign students, state-supported students, MDTA students, etc.?

6 schools reported that they have no government-supported students
225 schools reported they have government-supported students
9 schools reported 90% to 99%
19 schools reported 80% to 89%
14 schools reported 70% to 79%
15 schools reported 60% to 69%
18 schools reported 50% to 59%
23 schools reported 40% to 49%
19 schools reported 30% to 39%
38 schools reported 20% to 29%
34 schools reported 10% to 19%
22 schools reported 1% to 9%

The median is 30%

(4) At what percentage of capacity is your day school operating at the present time?

224 schools answered the question--operating on a median capacity of 72%. Last year median - 70%
13 schools operating at 100% capacity
30 schools operating at 90% to 99%
45 schools operating at 80% to 89%
43 schools operating at 70% to 79%
43 schools operating at 60% to 69%
50 schools operating at less than 60%

(5) Has the average length of your day-school courses increased or decreased during the last year?

201 schools reported no change
18 schools reported that the average length of their day-school courses had increased - median 16%
12 schools reported a decrease of from 1% to 30%, with median decrease of 25%

(6) Have you increased or decreased day-school tuition rates since October 1, 1972?

105 schools reported no change
120 schools reported a median increase of 10%
1 school reported decrease of 27%

(7) What is your present day-school tuition rate?

$ 106.03 per month average for 65 schools
$ 110.02 per 4 weeks average for 13 schools
$ 397.00 per quarter or semester average for 64 schools
$1428.32 per year average for 72 schools

(8) What new subjects did you add in day school this past year?

148 schools answered "None"
9 schools added Fashion Merchandise
8 schools added Reading
8 schools added Machine Shorthand
5 schools added Medical and Dental Assistant
4 schools added Business Management
4 schools added ABC Shorthand
3 schools added Oral Communications
3 schools added Retailing
3 schools added Accounting
3 schools added Sociology
2 schools added G.E.D.
2 schools added Receptionist
2 schools added Economics
2 schools added Credits and Collections
2 schools added Key Punch
2 schools added Word Processing
2 schools added Marketing and Management

2 schools added Marriage and Family
2 schools added Business Correspondence
2 schools added Introduction to Business
2 schools added Business Law
2 schools added Co-op Secretarial
2 schools added Data Processing
56 schools added 1 new subject included in the following list:

Managerial Accounting
Secretarial Accounting
Corporation Finance
Finance
Investments
Insurance
Algebra
Hospital Training
Accounting Internship
Computer Programming
American Government
Personal Finance
Biology
Microfilming
Civil Service Review
Office Machines Repair
Home Appliance Repair
American Business
Music
Personal and Group Communications
Charm
Office Management
Medical Law and Ethics
Secretarial Decision Making
Small Business Organization
Physiology
Money and Banking
English Composition
Ecology
Legal Research
Computer Programming
Paramedic
Food Technology
CPS Review
Traffic Transportation
Transportation Economics
Art
Photography
Hospitality Education
Advertising
Income Tax
Introduction to Dance
Painting
Introduction to Theatre
Government
English Literature
Art Appreciation
History
Wage and Salary Administration
Supervision
Development English
Business Psychology
Salesmanship
Bartending
Airlines
Hotel/Motel Management

(9) Are you contemplating a further expansion of your day-school course offerings this year? If so, what new subjects are you considering?

183 schools answered "No"
5 schools plan to add Hotel/Motel Management
3 schools plan to add Fashion Merchandising
3 schools plan to add Medical and Dental Assistant
2 schools plan to add Personal Development
2 schools plan to add Medical Stenographic
2 schools plan to add Receptionist
2 schools plan to add Machine Shorthand
29 schools plan to add 1 new subject included in the following list:

Marketing
Secretarial Accounting
Salesmanship
Business Law
Printing
Money and Banking
Public Administration
Business Management
Music
Legal Secretarial
Real Estate Principles
Real Estate Law
Optometric Assistants
Medical Technology

Medical Transcriptionist
Farm Management
Air Conditioning and Refrigeration
Oral Communications
ABC Shorthand
Computer Technology
Commercial Art
Sales and Retailing
Radio
Photography
International Secretarial
Clothing Construction
Child Care Programs
Library Services
Graphics

(10) What percentage of your students have transferred from a junior or senior college?

214 schools reported a median of 7%

13 schools reported "None"
99 schools reported 1% -- 9%
60 schools reported 10% -- 19%
26 schools reported 20% -- 29%
11 schools reported 30% -- 39%
2 schools reported 40% -- 49%
2 schools reported 50% -- 60%
1 school reported 95%

(11) What percentage of your regular day-school students are senior college graduates?

68 schools reported "None"
147 schools reported a median of 2%

(12) Do you have a systematic follow-up on all of your graduates?

82 schools reported no follow-up plan
138 schools reported they do follow up graduates

(13) Does your school have an active alumni association?

181 schools reported no active alumni association
41 schools reported they do have active alumni association

(14) What percentage of your students work part time after school?

122 schools reported students do work part time with a median of 25%

(15) Have you added remedial subjects for lower-level students?

62 schools have added remedial subjects
152 schools have not added remedial subjects

Subjects added:

35 schools added Basic English
33 schools added Basic Math
27 schools added Reading

14 schools added Word Studies or Spelling
5 schools added Special Tutoring
4 schools added Typing
2 schools added Shorthand
2 schools added Clerical Record Keeping
2 schools added G.E.D.
1 school added How to Study

EVENING SCHOOL

(Of the 231 schools returning the section on the questionnaire pertaining to evening school, 81 do not have evening sessions.)

(16) How does the enrollment in your 1973 evening term compare with last year?

81 schools reported no night school
26 schools reported the same as last year
79 schools reported an increase
45 schools reported a decrease

Median of the 150 schools in the last three categories above - 5%

(17) At what percentage of capacity is your evening school operating at the present time?

147 schools answered the question--operating on a median capacity of 50%

(18) (a) What percentage of your evening-school students at the present time is represented by women? by men?

151 schools answered the question

62.2% are women
37.8% are men
100%

(b) Of the foregoing total, what percentage is represented by government-supported students; that is, veterans, deceased veterans' children, foreign students, state-supported students, MDTA students, etc.?

113 schools indicated a median of 22% of their students in the evening school are government-supported

(19) What is your present evening-school tuition rate?

$ 54.35 per month average for 74 schools
$ 4[illegible].80 per 4 weeks average for 15 schools
$248.74 per quarter or semester average for 31 schools
$848.04 per year average for 14 schools

Four (4) schools reported charging by clock hour from $1.05 to $2.50

(20) Have you increased or decreased evening-school tuition rates since October 1, 1972?

96 schools answered "No Change"
49 schools reported median increase of 11%
2 schools reported decrease of 50% and 20%

(21) What new subjects did you add in evening school during the past year?

185 schools answered "None"
6 schools added ABC Shorthand
5 schools added Real Estate
4 schools added Shorthand
3 schools added Machine Shorthand
3 schools added Accounting
3 schools added Insurance
2 schools added Medical Receptionist
2 schools added Key Punch
2 schools added Personnel Management
2 schools added Airlines
2 schools added Typewriting
2 schools added Reading
2 schools added Psychology
2 schools added Business Law
2 schools added Sociology
29 schools added 1 new subject included in the following list:

Office and Administrative Mgt.
CPA Review Course
Computer Programming
Marketing
Bartending
Hotel Management
Introduction to Cobol
Business Administration Mgt.
Economics
Women: The Oppressed Minority
Links between Judaism and Christianity
History of Film
Traffic and Transportation
Traffic Economics
CPS Review
Business English
Word Study
Advanced Accounting
Paramedic
Physicians Lab. Assistant
Steam Engineering
Money and Banking
Criminology
Small Business Management
U. S. History to 1865
English Composition
Office Procedures
Music Appreciation
Public Administration

(22) Are you contemplating a further expansion of your evening-school course offerings this year? If so, what new subjects are you considering?

191 schools answered "NO"
3 schools plan to add Real Estate
2 schools plan to add Accounting
2 schools plan to add Machine Shorthand
29 schools plan to add 1 new subject included in the following:

Monetary and Fiscal Policies
Writing Reports for Mgt. Decisions
Secretarial Science
Electronic Technology
CPS Review
Business Education Major
Typing
Shorthand
Fashion Merchandising
Receptionist

Business Mathematics
Medical Assistant
Sales Management
Retail Management
Insurance
Industrial Management
ABC Shorthand
Police Schooling
Income Tax
Legal Shorthand and Typing
Antiques
Photography
Intermediate Accounting
U. S. History from 1865
Office Machine Repair
Home Appliance Repair
Speech
Marketing
Cost Accounting

Attachment 4-B

1974 SUMMARY

Of Questionnaires Completed by
Independent Colleges and Schools in
The United States and Canada
on
Attendance, Tuition Rates, Courses, New Subjects Added, Etc.

Independent College and School Department
SOUTH-WESTERN PUBLISHING CO.

CINCINNATI WEST CHICAGO DALLAS
PALO ALTO CALIF. PELHAM MANOR, N. Y. BRIGHTON, ENGLAND

November, 1974

DAY SCHOOL

(690 Questionnaires were mailed. A total of 212 completed questionnaires were received in time to be included in this summary.)

(1) How does the new student enrollment in your 1974 FALL term compare with last year?

16 schools reported increase of 50% to 325%
42 schools reported increase of 20% to 45%
80 schools reported increase of 1% to 19%
20 schools reported same as last year
36 schools reported decrease of 1% to 16%
18 schools reported decrease of 20% to 50%

Median of the 212 schools reported 10% increase - no increase last year.

(2) How does your advance second-year or returning student enrollment for the fall term compare with the number of returning students at the same time last year?

145 schools with a second year program answered the question. The median was no increase enrollment - the same as last year.

(3) (a) What percentage of your day-school students at the present time is represented by women? by men?

77% are women
23% are men

100%

(b) Of the foregoing total, what percentage is represented by government-supported students; that is, veterans, deceased veterans' children, foreign students, state-supported students, MDTA students, etc.?

6 schools reported that they have no government-supported students
206 schools reported they have government-supported students
16 schools reported 90% to 99%
20 schools reported 80% to 89%
14 schools reported 70% to 79%
23 schools reported 60% to 69%
22 schools reported 50% to 59%
22 schools reported 40% to 49%
16 schools reported 30% to 39%
18 schools reported 20% to 29%
32 schools reported 10% to 19%
23 schools reported 1% to 9%

The median is 45% - last year's median 30%

(4) At what percentage of capacity is your day school operating at the present time?

208 schools answered the question--operating on a median capacity of 75% - last year's median 72%.
12 schools operating at 100% capacity
29 schools operating at 90% to 99%
42 schools operating at 80% to 89%
41 schools operating at 70% to 79%
24 schools operating at 60% to 69%
60 schools operating at less than 60%

(5) Has the average length of your day-school courses increased or decreased during the last year?

180 schools reported no change
18 schools reported that the average length of their day-school courses had increased - median 12%
14 schools reported a decrease of from 1% to 30%, with median decrease of 20%

(6) Have you increased or decreased day-school tuition rates since October 1, 1973?

91 schools reported no charge
118 schools reported a median increase of 10%
3 schools reported decreases of 10%, 12%, and 20%

(7) What is your present day-school tuition rate?

$ 136.32 per month average for 50 schools - last year $106.03
$ 133.59 per 4 weeks average for 17 schools - last year $110.02
$ 408.50 per quarter or semester average for 62 schools - last year $39
$1517.29 per year average for 83 schools - last year $1428.32

(8) What new subjects did you add in day school this past year?

141 schools answered "None"
6 schools added Legal Secretarial
6 schools added Medical Secretarial
5 schools added Court Reporting
5 schools added Real Estate
5 schools added Fashion Merchandise
4 schools added Principles of Management
4 schools added Reading
3 schools added Attitudes and Professional Development
3 schools added Marketing
3 schools added Mass Communications
3 schools added Political Science
3 schools added General Education
3 schools added Computer Applications in Business
3 schools added Keypunch
2 schools added Charm or Personal Development
2 schools added Advanced Accounting

2 schools added Money and Banking
2 schools added Literature
2 schools added Psychology
2 schools added Sociology
2 schools added Payroll Accounting
2 schools added Accounting
2 schools added Salesmanship
36 schools added 1 new subject included in the following list:

- Receptionist
- Math
- Medical Assistant
- Law II
- Tax Accounting
- Paramedical
- Food Service Management
- Hospitality Management
- Business Statistics
- Medical Terminology
- Dental Assistant
- Financial Statements
- Business Management
- Contemporary Woman
- Travel-Tourism
- Credit and Collections
- Parlimentary Law
- American History
- Geography
- Insurance
- Clothing Construction
- Photography
- Vocabulary
- Anatomy
- Machine Shorthand
- Optometric Assistant
- Teller Training Program
- Human Relations
- Electrical Drafting
- Broadcast Secretarial
- College Preparatory
- Biology
- Blueprint Reading
- Transportation
- Word Processing
- Cost Accounting

(9) Are you contemplating a further expansion of your day-school course offerings this year? If so, what new subjects are you considering?

169 schools answered "No"
3 schools plan to add Court Reporting
3 schools plan to add Para Legal
3 schools plan to add ABC Shorthand
3 schools plan to add Machine Shorthand
3 schools plan to add Fashion Merchandise
2 schools plan to add Medical Secretarial
2 schools plan to add Real Estate
2 schools plan to add Money and Banking
2 schools plan to add Insurance
2 schools plan to add Geography
2 schools plan to add Sociology
37 schools plan to add 1 new subject included in the following list:

- Computer Operations
- Waitress Training
- Broadcasting
- Welding
- Secretarial Office Practice
- Fashion Merchandising
- Business Administration
- Senior Accounting
- Business Correspondence
- Agri-Business
- Microfilm Theory and Procedures
- Management for Women
- Black Studies
- GED Program
- Keypunch
- Teller Training
- Advanced Law
- Dental Office
- Veterinary Assistant
- Court Reporting
- Consumer Economics
- Legal Dictation
- Anatomy
- Principles of Marketing
- Principles of Retailing
- Principles of Management

Principles of Bank Management
Data Processing
Spanish
Literature
Political Science
Medical & Legal Shorthand
American History
Social Problems
Religion and Life
Carolina History
Hotel/Motel Management

(10) What percentage of your students have transferred from a junior or senior college?

208 schools reported a median of 10%

22 schools reported "None"
101 schools reported 1% -- 9%
57 schools reported 10% -- 19%
23 schools reported 20% -- 29%
4 schools reported 30% -- 39%
1 school reported 40% -- 49%
2 schools reported 50% -- 60%
1 school reported 95%

(11) What percentage of your regular day-school students are senior college graduates?

74 schools reported "None"
147 schools reported a median of 2%

(12) Do you have a systematic follow-up on all of your graduates?

82 schools reported no follow-up plan
130 schools reported they do follow up graduates

(13) Does your school have an active alumni association?

186 schools reported no active alumni association
26 schools reported they do have active alumni association

(14) What percentage of your students work part time after school?

203 schools reported students do work part time with a median of 35%

(15) Have you added remedial subjects for lower-level students?

58 schools have added remedial subjects
154 schools have not added remedial subjects

Subjects added:

30 schools added Basic English
33 schools added Basic Math
28 schools added Reading
8 schools added Word Studies or Spelling
1 school added Typing
2 schools added Clerical Record Keeping

3 schools added G.E.D.
1 school added Geography

EVENING SCHOOL

(Of the 212 schools returning the section on the questionnaire pertaining to evening school, 65 do not have evening sessions.)

(16) How does the enrollment in your 1974 evening term compare with last year?

65 schools reported no night school
34 schools reported the same as last year
84 schools reported an increase
29 schools reported a decrease

Median of the 147 schools in the last three categories above - 5% increase

(17) At what percentage of capacity is your evening school operating at the present time?

139 schools answered the question--operating on a median capacity of 50%

(18) (a) What percentage of your evening-school students at the present time is represented by women? by men?

142 schools answered the question

59% are women
41% are men
100%

(b) Of the foregoing total, what percentage is represented by government-supported students; that is, veterans, deceased veterans' children, foreign students, state-supported students, MDTA students, etc.?

117 schools indicated a median of 35% of their students in the evening school are government-supported

(19) What is your present evening-school tuition rate?

$ 69.99 per month average for 66 schools
$ 60.64 per 4 weeks average for 11 schools
$ 277.64 per quarter or semester average for 38 schools
$1078.74 per year average for 21 schools

(20) Have you increased or decreased evening-school tuition rates since October 1, 1973?

89 schools answered "No Change"
53 schools reported median increase of 10%
2 schools reported decrease of 2% and 20%

(21) What new subjects did you add in evening school during the past year?

99 schools answered "None"
5 schools added Shorthand
4 schools added Machine Shorthand
4 schools added Business Management
3 schools added ABC Shorthand
3 schools added Court Reporting
3 schools added Typewriting
2 schools added Legal Secretarial
2 schools added Medical Transcription
2 schools added Real Estate
2 schools added General Education
2 schools added Keypunch
2 schools added Political Science
20 schools added 1 new subject included in the following list:

Clerical Procedures
Payroll Accounting
Accounting
Tax Accounting
Money and Banking
Medical Terminology
Psychology
Literature
Communication Skills
GED

Geography
Insurance
Administrative Assistant
Office Machines
Remedial Accounting
Reading
Marketing
Salesmanship
Office Practice
Systems Analysis

(22) Are you contemplating a further expansion of your evening-school course offerings this year? If so, what new subjects are you considering?

124 schools answered "NO"
4 schools plan to add Management
3 schools plan to add Accounting
2 schools plan to add Data Processing
2 schools plan to add Court Reporting
2 schools plan to add American History
2 schools plan to add Sociology
2 schools plan to add Geography
2 schools plan to add Insurance
27 schools plan to add 1 new subject included in the following:

Microeconomics
Retail Management
General Education
Advertising
Consumer Economics
Managerial Accounting
Municipal and Government Accounting
Penmanship
First-Aid and Safety
Dental Office
Organ
Cashiering
PBX

Handicrafts
Literature
Business English
Bookkeeping
Religion and Life
Carolina History
Social Problems
Hotel/Motel Management
Political Science
Legal Secretarial
Machine Shorthand
Income Tax
Real Estate
Shorthand

Attachment 5-A

For Immediate Release
October 27, 1974

FALL 1974 SURVEY RESULTS OF BAXANDALL CREATIVE SERVICE GROUP SHOW BIG RISE IN ENROLLMENTS!

The Baxandall Company Creative Service publication, which annually surveys member schools as to Fall enrollments, has found an almost astonishing 13.55% increase in new student enrollments. Total enrollments nearly kept pace, coming in at a 8.86% increase over last Fall. (The increase last Fall over 1972 was imperceptible, a mere 00.5%.)

This big enrollment increase was accomplished despite major tuition increases at many schools -- from an average $142.63 per month tuition in Fall 1973, to $175.38 in 1974.

Another sign of resurgence among proprietary career schools: 1971's utilization of total space capacity among reporting schools had been 77.07%; this dropped sharply to 74% in 1972, and again to 70.66% in 1973 -- and it's come partly back, in 1974, to 72.53%.

Demand for the proprietary school graduate continues. Average call for male graduates is 2.87 per graduate available, up from the Spring's 2.60 calls. Women grads average 4.97 position offers, up from the Spring's 4.46.

Average starting salary for women is now $487.49. For men it is now $578.92, with private career training.

In sum, it's a much rosier prospect this Fall than last, for the proprietary school sector.

Attachment 6-A

Memo

(Formerly United Business Schools Association)
Association of
Independent Colleges and Schools
Richard A. Fulton, Executive Director
Accrediting Commission
Dana R. Hart, Executive Secretary
1730 M STREET, N.W., WASHINGTON, D.C. 20036   202/659-2460

November 15, 1974

To: R. A. F.
From: Mary B. Wine MBW
Subject: 1202 State Commissions

In late February, 1974, a decision was made by HEW to implement the State Commissions.

March 1, 1974, the U. S. Commissioner of Education, John Ottina, sent a letter to the Governor of each state to advise him on the course of action to be followed in implementing Sections 1202 and 1203 of the Education Amendments of 1972.

Section 1202 - requires any state that wents to receive assistance under Section 1203 or Title X of the same Act to establish a state postsecondary education commission that is broadly and equitably representative of the general public and various types of postsecondary instituions - public, private non-profit, and proprietary.

Section 1203 - authorizes grants and technical assistance to these commissions for comprehensive statewide planning.

In his letter, Commissioner Ottina explained that funds had been appropriated for establishment of Section 1202 Commissions during the current fiscal year and that at least $1 million would be available for this purpose. He stated further that states were not required to establish such commissions unless they wanted to receive assistance, that the law implied three options for meeting criteria set forth in Section 1202, that the only function authorized by law for the Commissions was planning for postsecondary education, that a state could designate the Section 1202 Commission as the state agency responsible for certain other federal programs if it wanted to do so and that the law required the Commission to be broadly and equitably representative.

According to the Commissioner, the three options for meeting criteria set forth in Section 1202 were:

(1) creation of a new commission that would meet the criteria;

(2) designation of an existing state agency or state commission that already meets the criteria; and

(3) augmentation of an existing state agency or state commission to meet the criteria.

The letter from Commissioner Ottina was followed by notices in the *FEDERAL REGISTER* on March 26 and April 11, 1974. Official deadline for responses was April 25, 1974.

Responses

43 states responded that they had established 1202 Commissions.

6 states - Colorado, Kentucky, North Carolina, Tennessee, Virginia and Wisconsin indicated no desire to establish 1202 Commissions at this time.

1 state - Alaska expressed a desire to establish a 1202 Commission but was unable to enact legislation to meet the deadline.

Of the 43 states establishing 1202 Commissions, 15 established new Commissions that would meet the criteria; 19 designated existing state agencies or state Commissions that meet the criteria; 9 augmented existing state agencies or state Commissions to meet the criteria.

The following 23 states, plus the District of Columbia, have representation of proprietary institutions:

Arizona	Roger Hess De Vry Institute Phoenix, Arizona
Arkansas	Mrs. Ruth West Broadway School of Real Estate Pine Bluff, Arkansas
California	Ernest M. Baumeister Columbia College Hollywood, California
Connecticut	Dr. Mark Shedd State Commissioner of Education Hartford, Connecticut
Florida	Jack Jones, President Jones College Jacksonville, Florida
Georgia	Fred Rich, President Atlanta Business College Atlanta, Georgia
Hawaii	(To be appointed)
Maine	Roland Soucie, President Casco Bay College Portland, Maine
Maryland	Jack Tolbert Bryman Medix School Baltimore, Maryland
Massachusetts	1) Edward J. Tassinari, President Newbury College, Boston, MA 2) John T. Griffin East Coast Aero Technical School Hanscom Field, Lexington, MA

Minnesota

1) Wilbur C. Nemitz, President
Rasmussen School of Business
St. Paul, Minnesota

2) Clifford Larson
Northwestern Electronics Institute
Minneapolis, Minnesota

3) Mary Rusten
McConnell School
Minneapolis, Minnesota

Mississippi

1) Milton White, President
Draughon's Business College
Jackson, Mississippi

2) Joe Ellis
Cosmetology School
Gulfport, Mississippi

Nebraska

Carl Privitt, President
Lincoln School of Commerce
Lincoln, Nebraska

Nevada

Richard F. Gaylord
Education Dynamics Institute
Las Vegas, Nevada

Ohio

Loren R. Jarvis
Northwestern Business College
Lima, Ohio

Oregon

Donald Bassist, President
Bassist Institute
Portland, Oregon

Pennsylvania

Philip Chosky, President
Electronics Institute, Inc.
Pittsburgh, Pennsylvania

Rhode Island

Mrs. Lucille Keegan, Director
Katharine Gibbs School
Providence, Rhode Island

South Carolina

Miss Frances H. Miller, President
Miller Aviation, Inc.
Cayce, South Carolina

South Dakota	David Stewart Stewart School of Hair Styling Sioux Falls, South Dakota
Texas	Ray Meyer, Director Parish-Draughon's Business College San Antonio, Texas
Washington	Harold Wosepka, President Kinman Business University Spokane, Washington
West Virginia	B. D. Barnett Center College Charleston, West Virginia
District of Columbia	1) Dr. Rita Buddeke, Vice President Strayer College Washington, D.C.
	2) Dan Grossman Lacaze Academy Washington, D.C.
	3) Milton Gussow McGraw-Hill Continuing Education Division

MAY 1962 EDITION
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

Memorandum

Attachment 7-A

TO : Public Record

DATE: October 30, 1974

FROM : Division of Special Projects

SUBJECT: Staff Statement
Proposed Trade Regulation Rule for
Proprietary Vocational & Home Study Schools

The proposed Trade Regulation Rule for proprietary vocational and home study schools promulgated by the Commission on August 15, 1974 contains the following major provisions applicable to schools purporting to prepare or qualify individuals for employment or to improve their employment related skills:

1. Limitations on employment and earnings advertising which require a school to substantiate advertising claims of placement success and which forbid the use of generalized employment and earnings data.

2. An affirmative disclosure requirement that a school inform each consumer of its drop out rate.

3. A requirement that placement rates and salary levels be disclosed if the school has made any placement and/or earnings claims.

4. A post-contractual cooling-off period which requires that the consumer reaffirm his contract.

5. A refund rule requiring return of the consumer's money (or cancellation of his indebtedness) to be computed on the basis of the instruction he actually has received or could have received prior to his withdrawal from the course. There is also a provision permitting the school to retain a fee of up to $25 in order to defray the administrative costs of enrolling the student.

(For the complete test of the proposed Rule, see Appendix A).

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

In the course of developing the proposed rule in this matter, the staff of the Bureau of Consumer Protection has endeavored and will continue to endeavor to obtain and produce relevant information from numerous sources. It is the duty and obligation of the Bureau to provide the Commission with data pertinent to its policy-making decisions in the vocational school field. Information developed to date is available for public inspection and is categorized along topical lines for convenience.

The forthcoming public hearings and the period for written comment will allow interested parties to submit further information to enlighten the Commission's decision. The Commission believes that its policy-making discretion in this area should be exercised only at the conclusion of extensive public hearings.

The provisions of the proposed Rule constitute a comprehensive response to the acts and practices that Section 5 of the Federal Trade Commission Act prohibits as being false, deceptive or unfair. The necessity for this particular formulation arises from the interrelationship of a number of factors including the type of service marketed by proprietary vocational schools, the availability of refunds, the business practices engaged in by those schools, the nature of vocational school consumers, high drop out rates, low placement rates, the availability of federal funds, and the general absence of effective regulatory controls. These factors cannot be associated in a one-to-one relationship with particular provisions of the proposed Rule. Rather, it is the interaction of all of these factors which creates a situation requiring the exercise of the Commission's authority to implement Section 5 by the formulation of a trade regulation rule. For example requiring a strict pro rata refund will provide incentives for schools to pay close attention to drop out and graduation rates and ways to improve them. This, in turn, will focus greater attention on recruitment practices and on methods for insuring that candidates enrolled in vocational courses are qualified and interested. This will result in a general deemphasis of misleading or unsupported advertising claims and indiscriminate and aggressive enrollment techniques. Examples of such interactions, and of the effects of specific provisions of the rule on them, could be multiplied almost indefinitely.

In this memorandum, the staff of the Bureau of Consumer Protection has undertaken to provide a summary of the major issues in the industry. The staff believes that these areas are of integral importance to comprehensive policies in this field and staff anticipates that the public record will contain extensive information in all of these areas:

1. Profile of vocational school consumers
2. Drop-out and non-completion rates
3. Placement information
4. Representations and claims by schools
5. Techniques associated with the use of commissioned salesmen
6. Federal participation in the industry

It should be emphasized that this is a staff document and any conclusions contained herein have neither been accepted nor rejected by the Commission. Moreover, it should be noted that nothing contained herein should be construed to confine or in any way limit the scope or tenor of public comment upon the proposed Trade Regulation Rule. The Commission encourages and invites all relevant commentary prior to formulating its decision in this matter.

The proprietary vocational and home study school industry includes a diverse number of institutions offering training in a multitude of fields. Best estimates are that approximately 10,000 different schools exist with a gross income of over $2.5 billion per year. This includes business schools offering all types of clerical and professional training, trade schools, cosmetology and beautician schools, correspondence schools offering courses for employment or improvement of skills, medical technician schools, art schools, and many others.

1. Students

The proprietary vocational school acts and practices proscribed by the proprosed rule must be viewed in the context of the population with which the industry deals. Schools customers are predominately young; studies show a majority of them are under 21 years old. A substantial number, perhaps as many as 1/3, are members of minority groups. Finally, a large number are from families whose adjusted income is below $6,000 per year.

Whether the student is subject to these special vulnerabilities or not, he or she is often handicapped by the lack of a set career goal (and by lack of sophistication about realistic career goals), or by present unemployment or underemployment. The prospective student often lacks contact with people who might have useful knowledge. As a result, he often has no choice but to rely on statements of the school itself, statements that tell him a particular vocational field is an "expanding industry" or has "big job demand". The student may have no way of finding out when statements are either untrue or gross inflations of the schools ability to place its students.

Nor does the student have effective grounds for assessing the value of the course he is signing up for or its adequacy to train him for a particular job. Necessary counseling is often not available.

All of this might be relatively unimportant if the courses were cheap. Many are not. The vocational school course may require the expenditure of painfully accrued savings of the student or his family or the incurrence of substantial debt. The student may be willing to spend this money only because he assumes it is an investment and that it will be returned through increased earnings in the future. Given limited financial resources, this expenditure may represent the student's only real opportunity to purchase significant training or retraining, and to have it evaporate in an abortive effort represents a substantial personal disaster.

Thus the vocational school transaction is one where vulnerable consumer with a strong desire to obtain employment or advance themselves in their present jobs and for whom the cost of a wrong choice can be overwhelming, are faced with a difficult and important decision with the help of little good information and much bad.

It should also be noted that a large number of veterans and servicemen are consumers of vocational school services. The Veterans Administration estimates that more than one million Vietnam-era veterans have already used their educational benefits to attend proprietary scools. These veterans are somewhat older than the typical vocational school consumer (42% are between 22 and 25 years of age) and have a greater proportion of minority members.

Despite these differences, the veteran finds himself in the same situation as other vocational school consumers. His career decision--subsidized through the veterans' benefits program--is obscured by the same type of insufficient and misleading information that plagues other proprietary school consumers. Indeed, the availability of federal funds makes the veteran a choice target for vocational school enrollments.

The veteran often believes erroneously that his G.I. benefits will cover the full cost of the entire course even if he should decide to drop out. In fact, the entitlement to educational benefits ceases as soon as the veteran fails to maintain a full-time course of study. The veteran's misconception reduces his vigilance and leads to unexpected contractual indebtedness to the school.

2. Drop Out Rates

Many students leave vocational schools because they find that the school and its program are not as represented, and do not meet their needs. Other drop out simply because the course of study is not proper training for them, is too difficult or too easy, or because they undergo a change in career plans.

In any case, the drop-out rate is substantial. The General Accounting Office has determined that some 75 percent of all veterans enrolled in correspondence courses failed to complete them and that these veterans paid over $24 million to the schools for uncompleted lessons. Other estimates of attrition rates for home study schools range from 70 to almost 90 percent. In fact, many correspondence schools have over 90 percent of their students failing to complete their courses.

Staff research has also found high drop out rates for residence schools where attrition rates of 77 percent for computer schools, 56 percent for truck driver schools, 43 percent for business and secretarial schools, and 55 percent for electronics repair schools are evident. The trade association that represents proprietary business schools recently reported that the drop out rate for member schools was 52 percent.

Another indicator of the high drop-out among proprietary schools can be gleaned from reports maintained by HEW's Division of Insured Loans as part of its Guaranteed Student Loan Program. HEW requires semi-annual reports from participating proprietary schools on the number of students with federally insured loans who have terminated their courses of study. These reports indicate drop-out rates that fluctuates between 30 and 40 percent of all participating students. Many of the students who drop-out of proprietary schools become part of the growing number of defaulters in the federal insured loan program. Many of the reasons that induce students to refuse to honor their loans are the same reasons that impelled them to drop-out--failure to receive adequate services or to obtain the skills required for employment.

Whatever the reason for a student dropping out, almost invariably he was not informed before enrolling of the significant statistical likelihood that he would drop out. Sound business procedures dictate that schools be aware of their drop-out and graduation rates in order to plan for future expenditures. But schools do not disclose this information to students and often present false or misleading data instead. In fact, staff has found that students' conceptions of the drop-out rates for the school they enroll in are not even close to the real picture. Many people would be reluctant to enroll in a course of study if they were aware how probable it is that the typical student will leave the course prior to completion.

3. Placement

The vocational school industry directs much of its advertising to claims about large salaries or high labor demand. The capacity of these advertisements to mislead unsophisticated and unsuspecting students lies in the fact that most consumers would logically assume that the proprietary school making the advertising claim is aware of conditions in the industry for which it offers training and is able to prepare its students to earn the stated salary or to find employment in a particular industry. Even when advertisements do not make explicit claims about the success awaiting the student, they juxtapose statements concerning high demand or large salaries in a particular industry with statements that the school's training leads to a career in that industry, creating an inference of employment success.

The reality is often far from the promise. While some schools have excellent success in placing their students in jobs related to the course of training, many others have extremely poor rates. Poor placement rates for graduates become more startling when one remembers how many students drop-out. In many cases only a small fraction of those initially enrolled actually will graduate and obtain employment related to the course of study. Nor do claims take account of variations in placement rates among schools, jobs, geographic areas, and times.

Such advertising is not always a deliberate distortion of know facts, because schools often have little idea of the placement rates of their own students. Many have even less interest in finding out. Although this phenomenon is more marked among home study than residence schools, it is true of both sectors of the industry. While schools may be able to point to studies of general demand for workers in certain industries, or letters from some satisfied students, schools too often do not know how many of their own students, based on the school's training, actually obtain employment related to their course of study.

A third factor, even more common than the school's ignorance of placement rates, is the lack of employment knowledge among potential students. In fact, staff believes that most information students possess about their employment chances is inaccurate. These inaccuracies often result from job and earnings claims made by schools in advertising or sales pitches which are false or misleading and unsubstantiated. With a few exceptions, the proprietary schools' advertising campaigns create the impression that: (1) employment demand or particular earnings levels exist for trained or skilled person; (2) consumers who enroll will be qualified for the indicated job or salary upon completion of the course; and (3) completion of the course will enable the typical consumer to get the job or earn the salary. These advertisements are particularly troublesome because they surround their claims with an aura of authority and authenticity. Schools choose names which give an impression of wide-ranging activities, contacts and information ("National; "American;" "International") and which play upon traditional respect for institutions of higher education ("Institute;" "Academy").. Perhaps the most misleading situations are those in which prospective enrollees are confronted with trade names which imply non-existent connections with large employers.

The whole system seems geared to keep the student from asking the crucial questions about the extent to which his opportunities will really be improved by taking the course.

4. Other Representations and Claims

The Bureau's investigation has found a number of other areas in which misrepresentation, deception, and false advertising are prevalent. The most significant problems concern:

(a) Misrepresentation of the nature of quality of the training or facilities, or of the qualifications of the instructors. In this category fall claims about the size or experience of the school, its affiliations with well-known companies or training programs, the availability of expert instructors or guest lecturers, the size of its teaching faculty, the source and quality of its instructional materials, and the care with which the students' work is examined.

(b) Misrepresentation of the availability of placement services and employment opportunities. This category has been more fully described above.

However, a related practice should be added at this point. Some schools misrepresent the school's placement service by claiming that it is much more extensive than it actually is, or is free or available to graduates on a nationwide or lifetime basis. Often this placement service, free or not, is little more than a collection of newspaper classified job ads.

(c) Misrepresentation of the admissions and enrollment process. Many schools purport to have rigid admission standards which screen out all but the most highly qualified. Some administer admission tests which purport to evaluate honestly the student's potential in the field. In most cases the rigid standards are illusory and the tests are mere reading exercises. Related to these practices is the portrayal of commission salesmen as "vocational counselors" or "advisors" whose role is to provide the consumer with disinterested career advice. An additional approach used by some schools is to advertise in newspaper "help wanted" ads, purporting thereby to be offering employment. When the consumer responds to the ad he is told that he must undergo a brief preparatory period of training--for a price--before getting the advertised job. The consumer is then sold a vocational school course.

(d) Misrepresentation of the nature of Federal programs. Since 1965 the Federal government has spent about $800 million on proprietary vocational schools through student loan programs alone. While statistical data on other agencies monetary involvement in proprietary schools is unavailable, it is a measure of the large federal outlays that over 1.3 million veterans have attended proprietary vocational schools since 1965. No accurate estimates exist for the number of proprietary vocational students that had their education subsidized by the Social Security Administration or the Department of Labor in that same period.

The character of these programs is frequently misrepresented by schools. Loans are called scholarships. Salesmen are presented as quasi-official agents of the government, with power to approve applications. The liabilities a student incurs by applying for government aid are obscured.

Further, the fact that students of a particular school are eligible for Federal programs is turned into a false impression that the Federal government has inspected and approved the school and its policies. This tends to allay any suspicions the student might have and smothers his inclination to ask crucial questions.

(e) Misrepresentation of the school's cancellation and refund policy. Despite the fact that accredited schools have minimum refund policies mandated by nationally recognized accrediting agencies, consumer complaints indicate a prevalent lack of understanding by students of the amounts they owe to a school. Moreover, as to both accredited and nonaccredited schools, there are indications that students are often led to believe that a full or substantial refund will be made if they are dissatisfied with the course or otherwise must leave the school. This belief persists despite contractual terms that require the return of substantially less in the way of refund monies.

Clearly related to this, and indeed to all of the other practices and problems described in this memorandum, is the issue of the fairness of school refund policies. Schools vary widely in this area. Some make no refund once the student signs up, some allow strict pro rata refunds for drop outs, some provide nothing for drop outs but a money-back guarantee for dissatisfied graduates.

The proposed pro rata refund part of the rule is presented as both a means of discouraging other unfair or deceptive practices and as a suggested standard of minimum substantive fairness in itself.

5. Commissioned Salesmen

Much of the impetus for the deceptive and unfair practices described above comes from the use of commissioned salesmen whose livelihood depends upon the number of bodies they deliver to the school. In addition to these explicit or implicit misrepresentations, salesmen, after presenting themselves as disinterested vocational counselors, induce students to purchase courses in which they do not have a genuine interest and about which they do not have a full and accurate understanding. Switching a student from a course he originally wanted to one the school is trying to promote is especially common.

Most schools use the stick of strict sales quotas and the carrot of commissions and prizes to keep intense pressure on their sales force. To this end salesmen are drilled on their appearance, on proper orchestration of the enrollment presentation, and on the precise content of their sales pitch.

Three basic elements comprise the sales approach most often used in the proprietary vocational school industry. First, virtually every sales pitch staff has seen puts primary emphasis on the great employment potential students will have after they complete their training. If, as is sometimes the case, a school is owned by a well-known manufacturing or service conglomerate, salesmen stress this connection and either suggest or let the prospect infer that if he successfully completes his training he is likely to get a job with the parent company.

Although many schools in the vocational school industry have notoriously low graduation rates and even lower placement rates, almost every school instructs its salesmen to represent both directly and implicitly that if the prospect will only enroll, he has emberked on a sure path to a lucrative and secure future.

A second basic element in many sales pitches, particularly in the home study sector of the industry, is the use of a sales technique commonly referred to as the "negative sell." Simply stated, the object here is to put the prospect on the defensive by making him feel insecure, anxious, and desperate. Salesmen belittle the consumer's accomplishments and indirectly disparage his attitude and ability. In the next step salesmen attempt to convince the consumer that one of the only ways, if not the only way, someone like him can improve his prospects is to purchase one of the salesmen's courses.

The "negative sell" presentation is complete when the salesmen tells his now hopeful prospect that the vocational school he represents is quite naturally selective and therefore the prospect must convince the salesmen that he is qualified for admission. Qualification rituals involve the administration of a demonstration lesson and test and the completion of some type of personality and background questionnaire. In practice the qualification questionnaire is intended to give salesmen vital information about the prospect that is later useful in clinching the sale. The demonstration lesson, despite its title, is not a representative sample of the school's curriculum. Instead, it is an especially facile set of materials designed to ensure that the prospect gets a high score. The investigation found that proprietary vocational schools, with only a few exceptions, enroll every applicant who can produce the requisite downpayment regardless of background or ability.

The "negative sell" philosophy is not used just on prospective students. It is also drilled into salesmen by schools to stiffen their will to overcome prospects' resistence and to increase their confidence and determination to make sales. One residential vocational school chain warns its salesmen that they are committing a "horrible crime" every time they miss a sale by allowing the prospect to avoid one of the few opportunities he will ever have to better himself. Similarly, another large chain of resident technical schools assures its salesmen that is prospective students are failures and procrastinators who can do no better than enroll in their schools. If the prospect tries to turn down the school, it is because he lacks self confidence and his recalcitrance should be ignored by the salesman.

A third characteristic of many vocational school sales approaches is their use of government benefit programs as a sales tool. When salesman can provide prospective students with on-the-spot financial aid, the task of selling vocational school courses is made much easier. Not only is the prospect's financial burden eased, but, equally important, the prospect tends to feel that if a salesman has the authority to obligate the government to "make" a loan or dispense veterans benefits or, in a few cases, even provide a scholarship, then that salesman must be an important and legitimate figure. Given the youth and lack of sophistication of so many vocational school buyers, it is easier to understand how these prospects are overwhelmed by a well-rehearsed salesman who comes equipped with an array of impressive government forms and who is apparently empowered to award the prospect with important and sizeable government benefits.

Vocational school salesmen have long relied on the availability of veterans benefits as an attractive sales inducement. One large correspondence school directs its salesmen to canvass neighborhoods in search of veterans. Once in the presence of a veteran, salesmen announce that they, "have been instructed" to locate veterans in the area and inform them of their rights to educational benefits. At this point, salesmen put the prospect on the defensive by demanding to know why he has failed to use these educational benefits. If all works according to plan, the veteran will at first be shamed by his lack of ambition and later flattered that a school representative on a "government mission" has found him qualified to enroll in a good school and embark on a secure and lucrative career.

To sell courses to non-veterans, most salesmen are able to use the Federally Insured Student Loan Program (FISL) as an attractive lure. Dependence on the FISL Program is so great that in some schools a majority of the students receive government loans.

The Bureau's investigation chronicles a history of explicit and implicit deception in the salesmen-prospect phase of the selling process. Obviously, not all of this is authorized by the schools that employ the salesmen. School-authored training materials are usually careful to caution salesmen against making overt misrepresentations, and a number of vocational school operators have told us that they must be constantly on guard for salesmen who blatantly lie to prospective students. However, it is the schools that pressure the salesmen through quotas and commission structures, the schools that receive complaints concerning sales practices, and the schools that get the benefit of them. Consumer complaints by the Commission, USOE, state regulators, and consumer groups indicate that misrepresentations made by salesmen are a constant problem, and the schools can hardly claim ignorance. Nor, having established the structure and incentive system within which salesmen work, can they claim innocence.

6. Federal Involvement

The Federal Government disbursed well over $750 million to proprietary vocational schools and their students in Fiscal Year 1974, through programs of the U. S. Office of Education, the Veterans Administration, the Social Security Administration, and the Department of Labor. We will confine our discussion here to the two largest federal programs--the Guaranteed Student Loan Program and the Veterans Benefits Program.

(a) The Office of Education

Most federal funds distributed to all post-secondary institutions, public and proprietary, are administered, monitored and disbursed by the Office of Education (OE) of the Department of Health, Education and Welfare. According to OE statistics, some 2,223,000 students received an estimated $2.763 billion under various grant and loan programs during Fiscal Year 1974. An estimated $560 million of this went to students in proprietary vocational schools.

Proprietary vocational schools have been eligible to participate in OE student financial aid programs since the passage of the Higher Education and National Vocational Student Loan Insurance Acts of 1965. Today, these schools constitute the most numerous, most volatile and least known group of institutions whose eligibility for federal programs is determined by the Office of Education.

Because of a reluctance to regulate the content of education, the Office of Education has delegated much of the responsibility of 'policing' eligible schools to private accrediting agencies. Although the specific criteria of eligibility for each individual OE-administered program differ, one common avenue for acceptance into a program is accreditation by a "nationally recognized accrediting agency." Accreditation as a condition of participation in federal programs has become a key factor in the vocational school industry.

Accreditation as a predicate to eligibility does have some advantages. It assures at least a minimum standard of school quality, it is administratively convenient and inexpensive for OE, and it places primary responsibility for day-to-day regulation outside the government bureaucracy. Nevertheless, defects inherent in the process have resulted in flagrant abuses and, in some instances, in outright fraud on the government. Given the allure of federal money, the accrediting process loses much of its 'voluntariness' and additional pressure is applied because the unaccredited school is in the uncomfortable position of competing with government-subsidized institutions. Joining an accrediting association no longer denotes the same dedication to high quality that could be implied when virtue was its own reward. The annual growth in memberships among accrediting organizations has been exponential since proprietary organizations became eligible to participate in Office of Education programs.

Even the accrediting agencies have complained about the present situation which forces them to be watchdogs of their dues-paying members and have called for a more aggressive role by the Office of Education.

The Guaranteed Student Loan Program (GSLP) provides a revealing insight into the mechanics of the relationship between federal funding and accreditation. Since its inception in 1965, GSLP has guaranteed over 6 million loans to 3.5 million students with a total value of over $6.6 billion.

Since 1968 proprietary schools, for the most part accredited, have participated to an ever larger extent in the GSLP program, particularly in the federal component (FISL) where in fiscal year 1974 their students accounted for 39% of all loans and an estimated 57% of all loan defaults.

Each of the abusive practices described earlier has been aggravated by the FISL program. FISL money has allowed marginal schools to add thousands of students to their rolls without regard for proper career training, and has made it profitable to do so, even when this involves shoddy recruitment, advertising, sales and enrollment practices. Advertisements placed in the media and "canned" sales pitches entice students with claims of federal grants or federal subsidies. Often the Federal government is mentioned to potential students in a manner that implies, and is understood as, government inspection and approval of course content and job placement capabilities.

The Federally Insured Student Loan Program, originally enacted to encourage private commercial institutions to make loans for educational advancement, has now evolved into a complicated 'grant' program wherein thousands of students default on their payments and hundreds of thousands of dollars are paid yearly to private lenders and lender schools. To date, the Office of Education's primary recourse has been to collect from the defaulting student-borrowers, many of whom would have legitimate grievances and defenses to a collection attempt by the school itself.

Concerned about the disproportionate number of defaults emanating from the proprietary sector, the Office of Education has recently proposed regulations governing eligibility suspension, limitation and termination of schools and lenders participating in the Guaranteed Student Loan Program. These regulations, which would implement Section 438 (a) of Title IV-B of the Higher Education Act, are aimed at many of the same abuses addressed by the FTC rule, that is, failure to disclose material information, unfair refund policies, and widespread drop outs and defaults.

(b) Veterans Administration

The second major dispenser of federal funds available to proprietary vocational schools is the Veterans Administration. The Veterans Administration is responsible for implementing the provisions of five statutes which establish educational benefits for veterans, servicemen, and dependents.

Under each of these Acts, an eligible veteran can receive educational assistance if he attends any school designated as "approved" by a state approving agency.

While a large number of veterans have utilized these educational benefits to attend colleges anduniversities, a significant number have obtained funds to attend proprietary vocational and home study schools. The Veterans Administration states that 1,619,000 Vietnam-era veterans attended colleges and universities, compared with 1.3 million veterans who attended vocational and correspondence schools in the same period.

In terms of monetary disbursements, the Veterans Administration approved $1.08 billion in educational benefits in fiscal 1972 for all types of post-secondary education. Of this amount, the VA estimates that $280 million was utilized for proprietary vocational and correspondence schools.

Despite this massive outlay of federal funds, the Veterans Administration has no direct authority to scrutinize and control the use of these funds. Once the veteran meets the eligibility requirements of Title 38, he is entitled to receive educational benefits to attend any approved school. The only direct statutory constraint (other than "approval") is that the program of education pursued by the veteran at any institution must be "generally accepted as necessary to fulfill the requirements for the attainment of a predetermined and identified educational, professional, or vocational objective"--i.e., avocational and recreational purposes do not qualify.

The approval of the course of instruction is the other precondition to the use of veterans' benefits. Chapter 36 of Title 38 makes approval mandatory before the veteran is entitled to receive benefits and sets forth the grounds for such approval. The State Approving Agency can designate a school or course as approved:

1. When the school or course has been accredited by a nationally recognized accrediting agency or association;
   or

2. If the school or course is not accredited, when the State approving agency has determined that the school or course has met certain criteria as to qualifications of staff, record keeping, adequacy of facilities, and refund policies.

As soon as the State approving agency notifies the Veterans Administration that a particular school or course has been approved, any eligible veteran, servicemen or dependent must be reimbursed for attendance at that school The Veterans Administration has no discretion to refuse to make payments. Indeed, the Veterans Administration cannot even inquire into the adequacy of the approving process. The Congress has provided that:

> No department, agency, or officer of the United States, in carrying out (Chapter 36), shall exercise any supervision or control, whatsoever, over the State approving agency, or state educational agency, or any educational institution. (38 USC 1782

Thus, despite the fact that the Veterans Administration dispenses over a billion dollars a year in educational benefits and despite the fact that the V.A. was required to spend $10.6 million dollars to subsidize the operating expenses of the State approving agencies last year, the V.A. is disabled from overseeing the uses of funds and preventing abuses by local schools.

The effect of 1782 has been to repose all oversight and supervisory responsibility in the State approving agencies. Yet available evidence indicates that the effectiveness of local authorities varies widely from state to state. State approving agencies often lack funds and staff. They have no uniform set of standards or guidelines for ascertaining institutional quality.

The inability of the State approving agencies to supervise adequately the schools and courses they approve is nowhere more apparent than in the field of correspondence study. In 1972 the GAO reported that 75 percent of all veterans who took correspondence courses failed to complete the full course of study. Moreover, the report noted that over 84 percent of those who did fail to complete their courses were compelled to pay a total of $24 million to schools for uncompleted courses. The Veterans Administration did not reimburse veterans for any of the $24 million, although many veterans had been led to believe that the V.A. would pay for the full course.

The situation here, then, is similar to the one prevailing under HEW-sponsored programs. Not only is the large input of taxpayers' money accompanied by regulatory flaws, but the fact of federal funding has undermined consumer vigilance in the purchase of the educational commondity.

The veteran is less likely to scrutinize the terms of his contract or the offered services if the school's literature is prominently stamped "approved for veterans" and if he feels that the V.A. will bear the cost of educating him in recognition of his years of service.

Moreover, the proprietary school industry has been quick to seize upon availability of veterans benefits funds as both a selling tool and a source of profitability. Salesmen are as adapt at filling out V.A. eligibility forms as they are at completing FISL applications. As we indicated, the use of veterans educational funds accounts for a significant part of many school's enrollments. As with FISL, the veterans' benefits program has become a way of life in the proprietary school industry. It is also a major contributor to many of the problems that plague the vocational school consumer.

Attachment 7-B

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November 22, 1974

James V. DeLong, Esquire
Bureau of Consumer Protection
Federal Trade Commission
Washington, D. C. 20580

Re: Advertising, Disclosure, Cooling-Off and Refund Requirements Concerning Proprietary Vocational and Home Study Schools, File No. 215-38

Dear Mr. DeLong:

On behalf of the Association of Independent Colleges and Schools (AICS), we request clarification and amplification of the "Staff Statement - Proposed Trade Regulation Rule for Proprietary Vocational and Home Study Schools," dated October 30, 1974, and placed in the public record of this proceeding during the week of November 4, 1974.

The statement recites that it is intended "to provide a summary of the major issues" involved in this proceeding (Statement at p. 2). A letter from Charles A. Tobin to this firm on November 12, 1974, noted further that the statement was "an explanation of the rational [sic] of the proposal and its underlying theories from the staff's point of view," (at p. 2). In our view, however, the statement does not set forth, in an understandable manner, either "major issues" or "underlying theories;" it is vague and confusing in its explanation of the asserted legal basis for the proposed rule, and fails to provide any citations to the public record in support of its asserted factual basis.

We are most concerned with the absence of a clear and concise statement of the legal theory or theories on which the rule is based. The statement asserts at one point that "[t]he provisions of the proposed Rule constitute a comprehensive response to acts and practices that Section 5 of the Federal Trade Commission Act prohibits as being false, deceptive or unfair," p. 2. Does this mean the rule is justified as a "remedy" for established violations of the FTC Act? If so, does the staff believe it may properly be imposed on schools not shown to be guilty of such violations.

At another point the statement asserts that the proposed refund formula is designed to establish a standard of "fairness" for the "industry." Does this mean that any other formula is "unfair" within the meaning of the Section 5 standard?

At yet another point, the statement appears to suggest that the proposed rule is justified by "regulatory flaws" in federal funding programs, and by the alleged fact that "federal funding has undermined consumer vigilance in the purchase of the educational commondity [sic]," p. 16. Does this mean that the rule is justified as an exercise of the Commission's presumed authority to correct perceived "flaws" in federal funding programs?*

In short, we need to know whether there is a single legal predicate or several for the proposed rule; and if more than one, how each relates to or supports each part of the proposed rule. Such information is essential to AICS' preparation of meaningful comments and testimony concerning the proposal because the rule's legal foundation necessarily determines the relevance of the facts and evidence the staff has inserted into the public record, as well as the nature of additional materials AICS should place in the record for the Commission's consideration.

If the staff believes, for example, that the prevalence of established unfair and deceptive practices justifies the rule, then evidence in the record regarding the number and types of schools which have engaged in such practices is of critical importance. If the staff believes, however, that the rule delineates "fair" business practices, and that every dissimilar practice is in fact "unfair," then a wholly different kind of evidence becomes relevant. Similarly, if this rule embodies an effort to deal with alleged "flaws" in federal funding programs, or presumed "structural" defects in the "industry," then evidence concerning the behavior of particular persons or schools becomes of marginal relevance.

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* This question seems particularly relevant at this time in view of the pendency of the Office of Education's proposed new rules for institutional eligibility for the Guaranteed Student Loan Program, as well as legislation to reform the administration of educational benefits for veterans.

Difficulties in evaluating asserted facts and evidence are heightened by the absence of any citations or references to the public record. The public record at this juncture contains approximately forty volumes, including, inter alia, Congressional and Commission hearing transcripts, newspaper articles, and reports by government officials, private agencies and individuals; and currently spans approximately 30,000 pages. While the staff has divided the materials in this record into eleven "evidentiary categories," such divisions are of little value, given the voluminous nature of the materials in each category and the fact that certain apparently crucial documents contain evidence allegedly relevant to many of the categories.*

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* For example, according to the index to the public record provided by the staff memorandum dated September 9, 1974, item A-12 (FTC Hearings on Proposed Guides for Private, Vocational and Home Study Schools, December 1-7, 1970 (Docket 216-14)), is cross-referenced to at least 8 different categories; A-23 (FTC Digest of various hearings) is cross-referenced to at least 7 categories; and items A-9 (New York State Public Hearings in the Matter of Computer Schools, Dec. 4, 1970), A-13 (Hearings Before a House Sub-Committee on Veterans' Affairs, Nov. 30, Dec. 1, 8 and 9, 1971), A-14 (Hearings Before a Senate Committee on Veterans' Affairs, March 23, 24; April 20 and 28, 1972, Parts I and II), A-15 ("Consumer Protection in Post-Secondary Education Program Handbook," Education Commission of the States (March 1974)), and A-16 (Affidavits of Hal R. Mitten and others re: Austin's College of Business Administration (August 21, 1970)) are each cross-referenced to at least 5 different categories.

There are numerous assertions of fact as to which the need for citations -- as well as clarification -- is indisputable. There are, for example, over forty statements beginning with or modified by words such as "many," "often," "most," or "some;" and numerous other statements beginning with phrases such as "staff research has disclosed," "investigation has found," and 'the staff believes." We are wholly unable to evaluate such statements in their present form. Given the absence of citations and the undifferentiated mass of materials in the record, the staff statement amounts to "a gigantic 'do-it-yourself' kit" for parties wishing to answer any of the staff's assertions. See Harlem River Consumers Cooperative, Inc. v. Associated Grocers of Harlem, Inc., 70 Civ. 4128 (S.D.N.Y., Oct. 9, 1974), slip op. at 7.

We have additional questions and difficulties concerning the October 30 statement, e.g., the relevance of large portions of it, and would appreciate an opportunity to discuss them with you or your staff. We believe, however, that the statement, at a minimum, should be clarified and amplified in the respects noted above.

Very truly yours,

Robert L. Wald
Counsel for AICS

cc: William D. Dixon, Esq.
Richard A. Fulton, Esq.

Attachment 8-A

Memo

(Formerly United Business Schools Association)
Association of
Independent Colleges and Schools
Richard A. Fulton, *Executive Director*
Accrediting Commission
Dana R. Hart, *Executive Secretary*
1730 M STREET, N.W., WASHINGTON, D.C. 20036 202/659-2460

November 26, 1974

TO: Richard A. Fulton, Executive Director

FROM: Robert M. Toren, Program Coordinator

SUBJECT: Institutions Awarding the Associate and Baccalaureate Degree

Listed below are AICS accredited institutions awarding the Associate and Baccalaureate degrees respectively:

Albany Business College
Albany, New York

Allentown Business School
Allentown, Pennsylvania

American Institute of Business
Des Moines, Iowa

Aquinas Junior College
Milton, Massachusetts

Aquinas Junior College
Newton, Massachusetts

Ashland Business College
Ashland, Kentucky

Associated Colleges of CA
Los Angeles, California

Auerwald Business University
Seattle, Washington

Berkeley-Claremont School
Hicksville, New York

Berkeley-Claremont School
New York, New York

Berkeley School
White Plains, New York

Bethlehem Business School
Bethlehem, Pennsylvania

Booker T. Washington Business College
Birmingham, Alabama

Bowling Green Business College
Bowling Green, Kentucky

Bryant and Stratton Business Institute
Buffalo, New York

Bryant and Stratton College
Milwaukee, Wisconsin

Cannon's International Business College
Honolulu, Hawaii

Cambria-Rowe Business College
Johnstown, Pennsylvania

Campbell Commercial College
Cincinnati, Ohio

Castle Junior College
Windham, New Hampshire

Central City Business Institute
Syracuse, New York

Central Pennsylvania Business School
Summerdale, Pennsylvania

Chamberlayne Junior College
Boston, Massachusetts

Chaparral Career College
Tucson, Arizona

Charron-Williams College
Miami, Florida

Charron-Williams College
Miami, Florida

Chicago College of Commerce
Chicago, Illinois

Churchman Business College
Easton, Pennsylvania

Coleman College
San Diego, California

College of Automation
Chicago, Illinois

Columbia Commercial College
Columbia, South Carolina

Commercial College of Baton Rouge
Baton Rouge, Louisiana

Computer Systems Institute
Pittsburgh, Pennsylvania

Concord College
Manchester, New Hampshire

Draughon's College
Nashville, Tennessee

Dubois Business College
Dubois, Pennsylvania

Duff's Business Institute
Pittsburgh, Pennsylvania

Duluth Business University
Duluth, Minnesota

Edmondson College
Chattanooga, Tennessee

Fall's Business College
Nashville, Tennessee

Fashion Institute of Design and Merchandising
Los Angeles, California

Forrest College
Anderson, South Carolina

Fugazzi Business College
Lexington, Kentucky

Gem City College
Quincy, Illinois

Goldey-Beacom College
Wilmington, Delaware

Grahm Junior College
Boston, Massachusetts

Hesser College
Manchester, New Hampshire

Illinois Commercial College
Champaign, Illinois

Institute of Computer Management
Pittsburgh, Pennsylvania

Institute of Computer Sciences
Philadelphia, Pennsylvania

Interboro Institute
New York, New York

International Junior College
Ft. Wayne, Indiana

Jefferson College
Greensboro, North Carolina

Jamestown Business College
Jamestown, New York

Katharine Gibbs School
New York, New York

Kentucky Business College
Lexington, Kentucky

Keystone Sec. and Business Ad. School
Swarthmore, Pennsylvania

King's College
Charlotte, North Carolina

Knoxville Business College
Knoxville, Tennessee

Lamson Business College
Phoenix, Arizona

L. D. S. Business College
Salt Lake City, Utah

Levitan School
Philadelphia, Pennsylvania

Lockyear College
Evansville, Indiana

Mansfield Business College
Mansfield, Ohio

McCann School of Business
Mahonoy City, Pennsylvania

McIntosh College
Dover, New Hampshire

Metropolitan School of Business
Chicago, Illinois

Miami-Jacobs Junior College
Dayton, Ohio

Michiana College of Commerce
South Bend, Indiana

Midstate College
Peoria, Illinois

Miller Community College
Los Angeles, California

Monroe Business Institute
Bronx, New York

Muskegon Business College
Muskegon, Michigan

National Business College
Roanoke, Virginia

Newbury Junior College
Boston, Massachusetts

New Kensington Commercial College
New Kensington, Pennsylvania

Northwestern Business College
Lima, Ohio

Ohio Institute of Business
Wooster, Ohio

Oklahoma School of Business
Tulsa, Oklahoma

Olean Business Institute
Olean, New York

Owensboro Business College
Owensboro, Kentucky

Parsons Business College
Kalamazoo, Michigan

Pennsylvania Commercial College
Washington, Pennsylvania

Philadelphia School of Office Training
Philadelphia, Pennsylvania

Portsmouth Interstate Business College
Portsmouth, Ohio

Powelson Business Institute
Syracuse, New York

Reno Junior College of Business
Reno, Nevada

Rutledge College
Spartanburg, South Carolina

Sawyer College of Business
Los Angeles, California

Skadron College of Business
San Bernadino, California

Southern Ohio College
Cincinnati, Ohio

Spencerian College
Louisville, Kentucky

Stevens Henager College
Ogden, Utah

Sullivan Business College
Louisville, Kentucky

Tampa College
St. Petersburg, Florida

Taylor Business Institute
New York, New York

Thompson School of Business
York, Pennsylvania

Utica School of Commerce
Utica, New York

Waterson College
Louisville, Kentucky

Wheeler School
Pittsburgh, Pennsylvania

Wilkes-Barre Business College
Wilkes-Barre, Pennsylvania

Williamsport School of Commerce
Williamsport, Pennsylvania

Winsalem College
Winston-Salem, North Carolina

Wood School
New York, New York

Baccalaureate Degree-Granting Institutions

Bliss College *
Columbus, Ohio

Cleary College
Ypsilanti, Michigan

Columbus University *
Columbus, Ohio

Detroit College of Business
Dearborn, Michigan

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* Institution has abandoned the Baccalaureate Degree program and is teaching-out those students previously enrolled.

Dyke College
Cleveland, Ohio

Ft. Lauderdale University
Ft. Lauderdale, Florida

Franklin University
Columbus, Ohio

Husson College *2
Bangor, Maine

Johnson and Wales College
Providence, Rhode Island

Jones College
Jacksonville, Florida

Jones College
Orlando, Florida

Madison Business College *1
Madison, Wisconsin

National College of Business
Rapid City, South Dakota

New Hampshire College *2
Manchester, New Hampshire

Southeastern University
Washington, D.C.

Steed College
Johnson City, Tennessee

Strayer College
Washington, D.C.

Tiffin University
Tiffin, Ohio

Associate Members

Lackawanna Junior College *3
Scranton, Pennsylvania

Robert Morris College *4
Coraopolis, Pennsylvania

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*1 Institution has abandoned the Baccalaureate Degree program and is teaching-out those students previously enrolled.

*2 Accredited as a four-year institution by the New England Association of Schools and Colleges.

*3 A two-year institution accredited by the Middle States Association of Colleges and Secondary Schools.

*4 A four-year institution accredited by the Middle States Association of Colleges and Secondary Schools.

Title; Attachment 8-B

A. I. C. S.
RECEIVED
NOV 4 1974
WASHINGTON, D. C.

THE UNIVERSITY OF THE STATE OF NEW YORK
THE STATE EDUCATION DEPARTMENT

To: Executive Officers listed on enclosed and interested parties

Date: October 31, 1974

From: Livingston I. Smith

Subject: Enclosed list of approved A.O.S. programs

In reference to: Revision to include all approved degree programs in New York State

Previous lists of approved A.O.S. degree programs have included only those programs offered at private schools. Since it was these schools which made initial use of the degree, it was on that basis that the Department list was maintained.

Increasing interest in the Associate in Occupational Studies (A.O.S.) degree and in its applicability to a broad range of areas of study and institutional types has caused the revision of the list of approved programs to include ALL courses of study, registered by this Department, to be included.

Therefore, this enclosed list now includes proprietary and non-profit private schools incorporated by both the Department of State and the Regents of the University of the State of New York, and Regents-Chartered private and public colleges. Subsequent lists will include all sectors of the educational community.

Also, starting with the enclosed list, both Chief Executive Officers and, when called for, individual school chief administrators will be reported.

Enclosure (1114a)

1114a

THE UNIVERSITY OF THE STATE OF NEW YORK
THE STATE EDUCATION DEPARTMENT
99 WASHINGTON AVENUE
ALBANY, NEW YORK 12210

OFFICE OF THE
COORDINATOR OF ACADEMIC PROGRAMS

DIRECTOR
DIVISION OF ACADEMIC PROGRAM REVIEW
[illegible]

REGISTERED PROGRAMS

ASSOCIATE IN OCCUPATIONAL STUDIES (A.O.S.) DEGREE

ACADEMY OF AERONAUTICS Walter M. Hartung, President LaGuardia Airport, Flushing 11371	Aircraft Industiral Technology Aircraft Drafting Technology Airframe/Powerplant Technology Avionics Technology
ALFRED AGRICULTURAL AND TECHNICAL COLLEGE (See State University - Agricultural and Technical Colleges)	
ADELPHI BUSINESS SCHOOL OF MINEOLA Jerry Katzeff, President 47 Mineola Boulevard, Mineola 11501	Court/Hearing/Convention Reporting
ALBANY BUSINESS COLLEGE Prentiss Carnell III, President 130 Washington Avenue, Albany 12210	Business Administration/Accounting /Data Processing /Marketing/Retailing Secretarial/Executive /Legal /Medical
AMERICAN ACADEMY OF DRAMATIC ARTS[1] Charles W. Raison, Director 120 Madison Avenue, New York 10016	Actor Training
BERKELEY-CLAREMONT SCHOOL[2] Darrell L. Albers, Director 99 North Broadway, Hicksville 11801	(ALL Berkeley Schools) Secretarial/Professional/Advertising /Airlines /Fashion /Legal /Medical
BERKELEY-CLAREMONT SCHOOL[2] Ms. Vivian Hoglund, Director 405 Lexington Avenue, New York 10017	(Manhattan ONLY) Secretarial/Professional/Court/Convention/Reporti
BERKELEY SCHOOL, THE[2] Robert Maher, Director West Red Oak Lane, White Plains 10604	(White Plains ONLY) Fashion Marketing/Management
BRYANT & STRATTON BUSINESS INSTITUTE[3] Dr. Melvin D. Mergenhagen Vice President/Director 1028 Main Street, Buffalo 14202	Accounting Business Administration/Accounting /Banking/Finance /Computer Programming /Management /Purchasing /Sales/Marketing /Secretarial

1114a2

BRYANT & STRATTON BUSINESS INSTITUTE (Continued)	Commercial Art Computer Programming Fashion Merchandising/Management Interior Design Lawyer's Assistant Marketing Secretarial Science Traffic Management
CENTRAL CITY BUSINESS INSTITUTE Donald J. Nelli, President 953 James Street, Syracuse 13203	Business Administration/Accounting/Data Processing Secretarial/Executive /Administrative Court Reporting
COBLESKILL AGRICULTURAL AND TECHNICAL COLLEGE (See State University - Agricultural and Technical Colleges)	
COLLEGE OF INSURANCE, THE A. Leslie Leonard, President 150 William Street, New York 10038	Insurance Accounting/Data Processing Life Insurance Property/Casualty Insurance
CULINARY INSTITUTE OF AMERICA Henry O. Barbour, President North Road, Route 9, Hyde Park 11538	Culinary Arts
ELIZABETH SETON COLLEGE Sister Eileen Farley, President 1061 North Broadway, Yonkers 10710	Radio/Television Broadcasting
HUDSON VALLEY COMMUNITY COLLEGE James J. Fitzgibbons, President 80 Vandenburgh Avenue, Troy 12180	Automotive Mechanics Electrical Construction/Maintenance Machine Tool Design Refrigeration Mechanics
INSTITUTE OF DESIGN AND CONSTRUCTION Vito P. Battista, Director 141 Willoughby Street, Brooklyn 11201	Architectural Technology Building Construction Technology Building Systems Design
INTERBORO INSTITUTE Mischa Lazoff, President 229 Park Avenue South, New York 10003	Business Administration/Accounting /Legal Assistance /Management /Retail Store Management Secretarial/Administrative/Executive /Legal /Medical Tribunal Sciences/Court Reporting
JAMESTOWN BUSINESS COLLEGE Ernest Roblee, President 7 Fairmount Avenue, Jamestown 14701	Business Administration/Accounting /Marketing/Management Secretarial/Executive /Legal /Medical
KATHARINE GIBBS SCHOOL[4] Ms. Alice G. Quill, Director 200 Park Avenue, New York 10017	Secretarial/Arts

1114a3

LABORATORY INSTITUTE OF MERCHANDISING Adrian G. Marcuse, President 12 East 53rd Street, New York 10022	Fashion Merchandising
MOHAWK VALLEY COMMUNITY COLLEGE W. Stewart Tosh, President 1101 Sherman Drive, Utica 13501	Electrical Service Technician/Air Conditioning-Refrigeration /Electrical Maintenanc /Electro-Mechanical
MONROE BUSINESS INSTITUTE Harry E. Jerome, President 115 East Fordham Road, Bronx 10468	Business Management/Accounting Data Processing/Accounting-Computer Programming
NEW YORK INSTITUTE OF FINANCE Robert C. Martin, President 70 Pine Street, New York 10005	Financial/Brokerage Management
OLEAN BUSINESS INSTITUTE Daniel R. McCarthy, President 301 North Union Street, Olean 14760	Accounting Secretarial/Executive
POWELSON BUSINESS INSTITUTE[5] Paul J. Headd, Director 400 Montgomery Street, Syracuse 13202	Accounting Computer Programming Fashion Retail Merchandising Retail Business Management Secretarial/Executive
SADIE BROWN'S COLLEGIATE INSTITUTE Mrs. Lee Meyer, President 501 Madison Avenue, New York 10022	Business Administration/Accounting /Management /Marketing Secretarial/Arts
STATE UNIVERSITY OF NEW YORK AGRICULTURAL AND TECHNICAL COLLEGE ALFRED David H. Huntington, President P. O. Box 806, Alfred 14802	Automotive Service Building Construction Drafting Electrical Service Food Service Plumbing/Heating
STATE UNIVERSITY OF NEW YORK AGRICULTURAL AND TECHNICAL COLLEGE COBLESKILL Walton A. Brown, President Cobleskill 12043	Agriculture/Animal Husbandry /Engineering Technology Food Service/Professional Chef Ornamental Horticulture/Floriculture /Nursery Management
TAYLOR BUSINESS INSTITUTE W. Terrence Weymouth, President 55 West 42nd Street, New York 10036	Accounting Airlines Reservations Business Management Fashion Merchandising Secretarial
TECHNICAL CAREER INSTITUTES[6] (Formerly R.C.A. Institutes) Nathan Buch, Director 320 West 31st Street, New York 10001	Electronics Technology

1114a4

TOBE-COBURN SCHOOL FOR FASHION CAREERS Avon Lees, Jr., President 851 Madison Avenue, New York 10021	Fashion Retailing/Promotion
UTICA SCHOOL OF COMMERCE Roger L. Williams, President 14-24 Bank Place, Utica 13501	Business Administration/Accounting/Management Secretarial/Executive
WOOD SCHOOL, THE Vincent deVenoge, President 100 East 42nd Street, New York 10017	Secretarial/Collegiate

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Chief Executive Officers:

[1] Gerald Goldsmith, President
American Academy of Dramatic Arts

[2] Larry L. Luing, President
The Berkeley Schools

[3] Dr. William C. H. Prentice, President
Bryant & Stratton Business Institutes

[4] Fred H. Stapleford, President
Katharine Gibbs Schools

[5] Robert J. Dermody, President
Powelson Business Institute

[6] Samuel Steinman, President
Technical Career Institutes

Attachment 9-A

CHANGE/SEPTEMBER 1974

Western Kentucky University

Facing the No-Growth Era

by John Egerton

In the spring of 1953, a gnomish little man from Western Kentucky State College came to the rural county high school where I was a senior and convinced me, against all the evidence, that I was college material. His name was Will B. Hill, and he was called a field representative, but the title didn't do him justice—he was an actor, a song-and-dance man, an evangelist, a super salesman. He spent most of his time scouring the back-country high schools of western Kentucky looking for prospective students, and he found more than enough to earn his keep at the little college in Bowling Green. There is no telling how many hundreds of Kentuckians went to college because "Uncle Billy" Hill persuaded them to give it a try. Unencumbered by the arcane intricacies of the standardized aptitude test, he was free to grant admission—and often scholarship assistance—to students his instinct told him would succeed in college, and to those favored prospects he became in fact a surrogate uncle. At any given time during his career, a hundred or more of "his" students were enrolled, and he always knew which ones were on the dean's list, or in academic difficulty, or in debt at the bursar's office.

Uncle Billy Hill retired in the late 1950s and died a few years later. The college he served for so many years had fewer than 2,000 students when he left it. Now it is called Western Kentucky University, and its enrollment has passed the 11,000 mark. By almost every measurement, it has grown and changed so much since the 1950s that Uncle Billy would hardly recognize it.

In the spring of 1974, the Office of University-School Relations at Western Kentucky University looked as busy as the floor of the New York Stock Exchange. A full-scale campaign to recruit new students was nearing its climax. Computer printouts listing every candidate for graduation from a Kentucky high school in 1974 were being pored over by the staff. The printouts yielded a wealth of information: American College Test scores, college choice in one-two-three order, preferred fields of study, special talents (debate, music, athletics, even cheerleading). A three-member professional staff and a team of secretaries, with help from committees of faculty members and administrators, were busily pursuing the best potential enrollees by mail and by personal visit. Two of the staff members had been on the road three or four days a week since the previous October, trying to get their prize prospects "signed" before some competing college or university beat them to it.

The stark contrast between the recruiting style of Will B. Hill and that of the computer-armed professionals and technicians of 1974 aptly symbolizes the difference between Western Kentucky State College and Western Kentucky University. But more arresting than the contrast—and perhaps more significant—is an underlying similarity: when Western was in the midst of its transformation from a small college to a large university, it had no need at all for field representatives of any kind. Its biggest problem was not finding students, but finding places for them—building dormitories and classrooms quickly enough to meet the demand. Now it has come full circle, in a sense: in order to keep its enrollment from shrinking, it must send out recruiters to engage in intense competition for new students.

At places like Western, the ritual of the body count has not diminished in importance since the era of expansion ended—if anything, it has become more crucial. Enrollment and the budget are inextricably bound together. Declining size raises fears of declining quality. Realignment of priorities is impeded by departments and individuals preoccupied with survival. And because zero population growth is harder to maintain in a big school than in a small one, the recruiting campaign is inevitably more intense than ever before. Notwithstanding vast differences in style, the successors of Will B. Hill are once again key figures on Western's staff.

JOHN EGERTON is a free-lance writer in Nashville, Tennessee, and author of *The Americanization of Dixie* (Harper's Magazine Press). His most recent article for *Change* was "The Uncommon College," April 1974.

Senator PELL. The final panel represents the historically black colleges and universities.

Mr. Miles M. Fisher IV, executive secretary, National Association for Equal Opportunity in Higher Education; Dr. Charles A. Lyons, Jr., chancellor, Fayetteville State University, Fayetteville, N.C.; Dr. J. Louis Stokes, president, Utica Junior College, Utica, Miss.; and Dr. Milton K. Curry, Jr., president, Bishop College, Dallas, Tex.

I said four names and there are only three people. Who did I miss?

Mr. FISHER. Dr. Curry is missing.

Senator PELL. You are Mr. Fisher?

Mr. FISHER. Right.

STATEMENT OF MILES M. FISHER IV, EXECUTIVE SECRETARY, NATIONAL ASSOCIATION FOR EQUAL OPPORTUNITY IN HIGHER EDUCATION; DR. CHARLES A. LYONS, JR., CHANCELLOR, FAYETTEVILLE STATE UNIVERSITY, FAYETTEVILLE, N.C., PRESIDENT, NATIONAL ASSOCIATION FOR EQUAL OPPORTUNITY IN HIGHER EDUCATION; DR. J. LOUIS STOKES, PRESIDENT, UTICA JUNIOR COLLEGE, UTICA, MISS.; AND DR. MILTON K. CURRY, JR., PRESIDENT, BISHOP COLLEGE, DALLAS, TEX.

Mr. FISHER. Mr. Chairman, I am Miles M. Fisher, IV, the national executive secretary of Equal Opportunity in Higher Education. This association represents the historically black colleges and universities of these United States. There are 107 institutions located in 15 Southern States, 4 Northern States, and the District of Columbia, enrolling more than 180,000 students. These institutions graduate more than 30,000 students annually with baccalaureate, graduate, and professional degrees. These institutions have made and are making a significant contribution to higher education and this Nation.

The association is happy today to participate in these hearings before this committee. We have put together a panel representative of various segments of the black college community; namely, the 4-year public colleges, the 4-year private colleges, the land grant colleges, and the 2-year public colleges.

Dr. Curry and Dr. Thomas of Prairie View were unable to be here today, so Dr. Lyons and Dr. Stokes will represent the association.

Before we hear from our panel I would like to present a brief statement that will put in perspective the remarks each of them will make. The impact of the present financial crisis has taken its toll upon these institutions, students, faculty, families and sources of financial support. In view of their long time and historical place in the lowest part of the economic strata, black colleges have never been generators of inflation. However, these institutions, along with the black community in general, bear a disproportionate share of the burden of inflation, unemployment, and recession trends that are at work today.

Black educational institutions with an overwhelming high proportion of low income students, limited and often no endowments, coupled with extraordinarily limited resources and access to resources, are victims of policies that cater and respond to developments in higher education in general with little or no regard for the strategic and yet peculiar position of black colleges. In the present policy debates, much is said about enrollments leveling off and declining in higher education, but it must be noted that in the black colleges enrollment pressures and demand continue to be higher. Black colleges have had to decline admission to thousands of students because of limited student financial aid and limited capacity to service them. These students with excellent potential are not in college and many will be lost to society today and tomorrow.

There is every evidence that black youth continue to place a high premium on higher education in the black colleges. Thus, rather than cut back programs which have just begun to service students from low-income families, the Federal Government and the State government must expand resources going to these institutions to allow them to more effectively meet the needs of large numbers of black and other youth while supporting them in the battle with the higher cost of providing education.

Increased costs in salaries, fuel, utilities, labor, services, operational expenses, higher interest rates, and rehabilitation of physical plants are of particular concern to these institutions. Attempts by institutions to increase their charges to students in order to recover their inflationary losses are disastrous for schools serving large populations of low-income persons who do not have the funds in the first place and who must depend upon student assistance. This assistance has been diluted because of the increase in the pool of eligibles for a restricted amount of money together with the problem of lending in the banking community.

Marginal endowments are in trouble because of the returns to the institutions. Corporations, foundations, and government are talking cutbacks at a time when institutions are about to pull themselves together. Individuals are reluctant to donate large sums to such endeavors because of the uncertainty of their economic future. None of these areas can afford to be tampered with in these institutions.

Financial resources are a must if programs tailored to offset inadequate educational preparation are to be supported and maintained and the inequities of the past are to be rectified. Student financial assistance must be adequate to make opportunity and choice real rather than minimal. If certain compensatory arrangements are not provided for, there will be a waste of potential talent that we cannot afford to lose.

Student financial assistance is vital to the existence of the notion of equal educational opportunity and attainment as well as to the continued existence of many institutions of higher education serving large populations of low-income and needy students. Such institutions depend very greatly upon Federal and State student assistance programs for large amounts of support. Present student assistance programs along with adequate resources will be necessary for the foreseeable future to allow students real options.

Adequate resources must be provided to insure that students will not be turned away because of the lack of resources. Loans should not be looked upon as the major source of providing educational opportunity, but instead, grants and work-study programs must be viewed as primary sources of meeting educational needs.

Before going further, I have a paper that I would like to just bring to your attention on "Reflections on Student Financial Aid Policies," which I will not read, but I will ask that it be put in the record because of the implications that this paper has for the future stability of these institutions. In this paper I am addressing the changes in the need analysis curve, the recent conference committee deliberations, and the proposed change in eligible family contribution schedule. And also alluding to some of the implications such changes will make and what they will ultimately have upon the future health of these institutions.

With your permission, we would like to have all of our statements and supporting materials placed in the record.

Senator PELL. All pertinent information will be placed in the record at the conclusion of your testimony.

Mr. FISHER. Our next speaker will be Dr. Lyons, who is the president of our association, and also the chancellor of Fayetteville State University.

Senator PELL. Dr. Lyons.

Dr. LYONS. Thank you, Mr. Chairman.

I am Charles Lyons, chancellor of Fayetteville State University, Fayetteville, N.C., and president of the National Association for Equal Opportunity in Higher Education.

I am very pleased to have this opportunity to make this brief presentation this morning. I shall not attempt to read the whole statement since it will be put in the record. I would, however, like to present the essence of the introductory statement and then I shall endeavor to summarize the remainder of the statement.

First of all, let me say that the historical black college and university more than many people realize, or appreciate today, still has a vital role to play in helping us move to the future. That role, today, we see as a great historical role in helping impress people to move forward in our society.

These institutions, moreover, have been the spawning ground for the ideas and idealism and the leadership which have helped to propel the American society to the point where its leaders and its people must now give more than lip service to the notion of a single standard, nonsegregated and nondiscriminatory free and open society as a positive good.

These institutions, we believe, serve today as significant laboratories, testing the sufficiency of the fundamental social philosophy of America.

They are helping to demonstrate that American ideas about the essential self-esteem, the worth and dignity of the individual, human freedom, and equality of opportunity can be translated into public policies and institutional arrangements that work. And we believe that these things are at work on the campuses that we represent.

America needs all of its higher education resources to help provide a continuing supply of critical manpower resources. I am sure that all colleges can point to the need for increased support. But the fact that all predominantly black institutions can with little difficulty qualify as underdeveloped institutions suggests that inhibiting factors operate with greater intensity in these institutions.

Under these circumstances, therefore, we believe that these institutions must, for the time being, receive preferential treatment during which they and their students make a serious effort to compensate for the disadvantages at which they have been placed historically.

Over the years, the black colleges have struggled with the stubborn problem of accelerating the democratic achievement of their students who enter college with considerable potential for learning but with poor background and serious defects in study habits and in preparation and in attitude.

With grossly inadequate resources, the black colleges have tried desperately to cope with this problem and they have made achievements which this Nation can have reason to be proud.

Quite understandably much more needs to be done. Regardless of the way in which educational institutions of this Nation share the responsibility for educating the disadvantaged students in the immediate future, it is clear that the historical black institution must increase their efficiency in handling these students.

In summary, then, each State of the Union now faces a challenge in perfecting the system of high education that will be adequate to the needs of all population groups. The challenge arises out of a history of separate but equal especially in the South in which the separate but equal especially in the South in which the separate has been in evidence, but the equal has never been there.

The economic resources of the States just have not been adequate to support a dual system of higher education.

Now let me summarize, then, basically the major points that we have tried to make here in this paper, in trying to state the case for the historical black college. I would like to suggest that we take a great deal of pride in the achievements of these institutions, both private and public. The role of and purpose of that kind of institution historically has been one, to provide educational programs for qualified youth and, two, to lift the level of achievement of black youth.

I would suggest, however, that the role and function of these institutions has had to expand and the role and function is expanding to the point where we are now concerned not just with the old function, but we have to expand that function to address ourselves to the needs of all population groups and to try and train a type of leadership which will help lift the State to a higher position of national prominence. There are needs, for example, in the area of administrative organization, there are needs in the area of motivation and counseling; these are a very significant area of concern for all higher education institutions, but especially in the types of institutions for which we are responsible.

There are needs in the area of financial assistance and of course the whole question of recruitment and administration bear direct relationship to this.

There are also needs for special programs for retaining more of the students who come to our institutions. The attrition rate needs to be lower.

They are many students who have the potential for going on, but they do not go on because they are not motivated. They do not go on, many of them, because they do not have the financial resources to go on.

To bring it a little closer to home, I am faced right now on my own campus with the problem where I am going to have to tell some students at the end of this semester that we may not be able to have you back next semester because we must require that you pay us up at the end of this semester. We are faced with a heavy accounts receivable problem, and the State says you have got to reflect the money.

Well, if the students do not have it, I cannot reflect it, and if they cannot pay it, it means they may have to go home.

Well, my problem is how do I tell this to these students and who is going to help them if we do not?

The other problem is, of course, the question of inadequate faculty to teach these students.

We have to have adequate faculty, first of all, because we have to retain the regional accreditation. You have got to have a certain percentage of doctorates, for example, on your faculty in order to retain your regional accreditation. But the market is such—competition is such—that the historical black college has difficulty now recruiting because everybody is looking for the same type of individual.

There was a time, for example, when the market where black doctors was concerned was pretty well restricted to our institutions. That is not true any more. We are competing with the biggest and most affluent institutions in the country for that kind of individual. We are competing with the Government. We are competing with industry.

That does not mean to suggest that these colleges are seeking just black staff and faculty. We are not. We are committed to the recruitment and employment of qualified personnel without regard to race or other educational or irrelevant criteria.

But the fact of the matter is that we have difficulty in the recruitment and another factor in the difficulty is that the salary differentials between our institutions and the more affluent institutions, both State and private, presents a real difficulty for us, you see.

We have the need, for example, for funds to help good people who have the masters degree to go back and get that Ph. D. I have a person in school this year we are helping to get that Ph. D.

One of the real good programs that has come out of the Congress in recent years has been the program of supporting temporary persons, teaching assistants, teaching fellows. To come in to teach on a temporary basis while you relieve your regular faculty to go back and pursue additional graduate study. This has been very effective in helping the historically black institutions. But we need more of that kind of help to enable our institutions to establish relationships with other colleges and universities that will be mutually beneficial.

We mentioned financial aid. In summary, let me just run down the areas as I see them where the needs are great.

New developmental program.
Intensification of current programs.
New faculty recruitment.
Improvement of current faculty.
More essential administrative positions.
More essential nonteaching personnel.
More counseling services.
More modern teaching equipment in every academic area.
More instructional materials.
Smaller class sizes.
More adequate library holdings.
More testing services.
Increased faculty salaries.

More tutorial services.
More scholarships, grants, loans, and other financial aid.
Increased cultural activities.
More institutional research.
More research funds.
Strong programs of independent study.
More student exchange and internship programs.

Mr. Chairman, I am very pleased to have had the opportunity to make these statements and trust that these remarks may be given consideration in the final outcome of legislation that may eventuate.

Senator PELL. Thank you very much.

Dr. STOKES. Mr. Chairman, we prepared a very short, general statement here and we would like to read it in its entirety. It can serve as a catalyst for any discussion that wants to be pursued after that.

Mr. Chairman, members of the committee, I am J. Louis Stokes, president of Utica Junior College and a board member of the National Association for Equal Opportunity on Higher Education.

I, too, wish to express my gratitude to the membership of this committee for the opportunity of appearing to present testimony which, hopefully, will have some meaningful impact on future legislation relating to higher education.

Utica Junior College, Utica, Miss., is a publicly supported educational institution that was historically established to serve black students. We are geographically situated in a rural area. Although we are located in a rural town, the majority of our students commute from Jackson, the capital city, and Hinds County, via free bus transportation.

Even though, historically, we were originally founded to educate black students, our admissions policies have been expanded to include any student who wishes to attend our institution. Currently our enrollment consists of a limited number of nonblack students. The vast majority of our students are from low-income homes.

The curricula at our institution is basically twofold; college parallel, which is college transfer, and vocational-technical, which is primarily terminal.

This background information clearly shows that I speak primarily for the educational concerns of the publicly supported community and junior colleges they are geographically rural with an urban orientation, and a student body comprised of a preponderance of low-income individuals. Their educational efforts are both academic transfer and vocational-technical.

The effects of the inflationary trend in our society are of vital concern to institutions of higher learning. Many institutions, because of fixed considerations, are being forced to defer the purchasing of some essential goods and services. The amounts that were allotted for these items are being eroded by the escalation of prices for the must items; that is, plant maintenance and especially utilities.

Some community and junior colleges that are without State salary schedules are experiencing difficulty in maintaining adequate salaries for teachers and staff personnel. It is extremely difficult to measure the exact extent inflation is having on the educational process, but I think we can accept the assumption that is very grave.

Gentlemen, in my opinion categorical legislative assistance to offset the effects of inflation is necessary in order to maintain viable institutions.

The funding of the Higher Education Facilities Act would be very useful both to inner-city community and junior colleges and to developing rural colleges.

A large number of colleges located in the inner-urban areas are presently occupying facilities that are rapidly deteriorating. It goes without saying that such conditions hamper the educational process. The metropolitan community colleges' counterpart, the rural community colleges are constantly in need of facilities to improve and enhance their educational offerings. This statement is especially true of historically the black community and junior colleges.

Although publicly financed, they, for many years, lacked proper capital expansion funds and consequently many never fully developed a physical plant sufficient for their curriculums offering.

It should be noted that most historically black community and junior colleges are involved with the academic transfer and vocational-technical aspects of the educational process and very little, if any, in the community noncredit course aspect of the educational process. Therefore we are not talking about fine arts buildings where basket-weaving and finger-painting courses will be taught, but we are talking about art students'. major courses required for the baccalaureate degree.

I think that this committee should also be aware of the current trend of black low-income students toward studying for direct employment-related professions. Nationally, the percentage is approximately 45 percent of those students enrolled at junior colleges. This is approximately the same proportion at our own campus.

The vocational-technical programs are the most expensive ones in the community and junior college curriculums. The high cost associated with this training phase is true because of several factors: (1) The facilities are expensive; (2) the equipment necessary to perform the training is expensive; and (3) there must be a low student-teacher ratio.

With this area being selected by a greater number of students, I submit that financial consideration should be given to the establishment of more programs in this area and the expansion of existing programs

In my opinion, this is one of the best self-help programs of studies. And finally, we consider the allied health programs important enough to deem some discussion.

The responsibility for training the parahealth professional in some States resides in the community and junior college sector of higher education. Because of a multiplicity of factors—that is, cooperating hospitals, personnel, equipment, facilities, and operating costs—the historically black junior college has not been engaged enough in the area. And as a consequence, black low-income students have not sufficiently occupied employment positions in the allied health professions.

With the exception of the field of nursing, black students are almost nonexistent in this area. We would strongly recommend that this committee give some consideration to providing a way where more black students could be involved here.

In this presentation we have deliberately omitted any reference to funding levels. Nor did we attempt to mention every presently existing federally funded educational program. Our attempt was that of giving general awareness deemed of prime importance toward some yet-to-exist Federal programs and the possible modification of some existing programs.

Mr. Chairman, it has been my pleasure to appear before this committee.

Senator PELL. Thank you very, very much.

Dr. STOKES. There is one other thing, Mr. Chairman, we did not place in our statement, but we think it needs to be out and in the open, as a result of *Adams* v. *Richardson*, a suit which involves about 10 States. It relates to the desegregation of higher education. We think that this suit is going to cause a great deal of difficulty on many of the predominantly black institutions that are involved. We are finding—Mississippi has to be one of those States currently involved—that part of the problem is, and one of the main objectives of that legislation is to significantly increase the number of what they call other students on each of the campuses.

In order for black colleges to be involved in this to any significant degree, it is becoming necessary for us to deblack——

Senator PELL. De what?

Dr. STOKES. Deblack I say.

Senator PELL. Yes.

Dr. STOKES. In order for us to be accepted as institutions for other students, basically white students, to accept our institutions.

I think that some financial kind of consideration needs to be given these institutions while they are going through this process in order for the whole desegregation of our educational institutions and those affected States to be successful.

Thank you, sir.

Senator PELL. Thank you.

This brings me to the question that was in my mind, what is the percentage of white students or nonblack students at your institutions? One percent? Five percent? Ten percent?

Dr. LYONS. It will vary, Mr. Chairman. I can speak for the State of North Carolina. In our own institution we are somewhere between 4 and 5 percent this fall. I think the highest percentage of nonblack students in historically black public colleges in North Carolina is about 11 percent at the present time.

Now, there are other institutions that will vary and some have higher percentages, but I am just talking about North Carolina.

Senator PELL. Faculty; would it be the same?

Dr. STOKES. No.

Dr. LYONS. No, the faculty would run perhaps 35 to 40 percent nonblack; on campus I am sure we are at that rate. I am sure there are other historically black institutions that are even higher.

Senator PELL. I would agree with your basic thesis, Dr. Lyons, because of the abuses of the past that the black people suffered, there is an obligation on the part of the Government for a period of time to give some kind of preference to black students.

I was wondering, however, should that be transferred to preferential treatment for black colleges or should the assistance be more to the students?

Dr. **Lyons**. I think it should be both, Mr. Chairman. Because, although we do need to support that student, we also need to provide the kinds and quality of programs and facilities that will enable us to be the kinds of viable institutions that I think the public would want.

Now, the point Dr. Stokes made here awhile ago, if we are going to attract more nonblack students, we are going to have to have a quality program, we are going to have to have quality facilities. I say to people in North Carolina all the time that I do not blame white students for not coming to our institutions if we have broken-down, second-rate buildings and inferior programs, and inferior instruction. You see, white students have not had to abide that kind of thing in the past. As for the black students, that has been their total experience. But we cannot attract people who have not been accustomed to these kinds of conditions unless those conditions are changed.

Senator **Pell**. But if we are trying to achieve a single society, which is what we hope to get to, a unitary society, is not the very existence, over the long haul, of 95-percent black colleges counter to that long-haul trend?

Dr. **Lyons**. Well, what we tend to say, Mr. Chairman, is that the historically black institution will not remain what it has been in the past, and that that kind of institution has also got to change.

This is what we are talking about, that we want the kind of support and the kind of resources that will enable these institutions to become what we call full service institutions that will no longer be, over the long haul, identified by racial characteristics but, rather, the quality and extent of the program offerings which they offer to the public.

Senator **Pell**. That I say amen to.

One of the problems with an all-black institution or all-anything institution is it increases the degree of separation. One point is language, dialect language. One problem is we should be a country with dialects geographic but not dialects relative to racial backgrounds.

Dr. **Lyons**. Yes.

Senator **Pell**. I think one of the harms that the black colleges do is to preserve the separateness.

On the other hand, I think you could say this runs with the desire for the black identity and black culture. I am not sure what the answer is on it, but personally, I have problems with this. Why do we not take——

Mr. **Fisher**. Senator Pell, let me just cite a few facts which might sort of dispel some of the kinds of notions, some of the kinds of notions that have been sort of run on our society by the media in terms of polarizing the black-versus-white issue.

When you look at the historically black institutions, they have been the major factor in providing meaningful participation of blacks in the mainstream of American life. And I will cite you some facts very briefly.

Seventy-five percent of the black officers in the Armed Forces are graduates of these institutions. Without these officers, integration of the armed services would be primarily in the lower echelon, lower ranks, rather than from the sergeant up through the level of general.

Forty-seven percent of all the black Members in the U.S. Congress attended or graduated from these institutions.

Over 80 percent of the black Federal judges and Supreme Court Justice Thurgood Marshall are products of these institutions.

Ninety-five percent of the elected black officials in the cities, counties and States across the South attended or graduated from these colleges, as well as a significant proportion of all of those in the entire Nation.

Seventy-five percent of the blacks who hold the highest academic degree, Ph. D., received their baccalaureate degrees from the historically black college.

The same is true of the black doctors, lawyers, ministers, scholars, educators, and businessmen.

I would like to go further by saying over the past 8 years a study was done on 98 of the 107 colleges and the enrollment trends indicated that the total enrollment in black colleges increased from 139,444 in 1966 to 183,419 in 1973. And there has been a consistent pattern of growth within these institutions.

Also these colleges show a similar trend to other institutions nationally, which is contrary to the whole notion of declining enrollment. But I think the more significant factor we have to look at when we talk about these colleges is the information on the degrees granted by these institutions. Total baccalaureate degrees awarded increased from 15,728 in 1966 to 25,094 in 1973.

This 8-year period witnessed the awarding of 165,435 baccalaureate degrees by these institutions. The total number of graduate and professional degrees awarded increased from 2,158 in 1966 to 6,186 in 1973.

In 1973 alone 31,280 baccalaureate graduates and professional degrees were awarded.

Now, one other statement, then I am going to finish.

One asks the question, are we in the total effort to provide equal education opportunity with achievement? Information is available only on what is happening in black colleges, but all we can do, to speculate about what is happening in the nonblack colleges.

So I think that has some significance about what we are talking about when we say what should we do with these institutions. As our lawyer in the *Adams* v. *Richardson* case said, what they are talking about doing is removing the wooden beam which has held up and provided equality of educational opportunity, at least provided access and provided protection, equal protection under the law to our students, by having these institutions; we are talking about doing away with the institutions which have served and are still serving a purpose, before the other part of the higher education community has actually approximated or even gone down the street of actualizing the whole notion of providing access with achievement and opportunities.

I think this can be said and I think the record will bear this out, and I think until such time we are going to need these kinds of institutions to guarantee equal protection under the law of black students, to see that they do move into the mainstream.

Because if we do not prepare them to send them, I do not know where they are coming from.

Senator PELL. Dr. Stokes.

Dr. STOKES. I think it should be very clearly understood that few if any black educators today fail to recognize that there is a considerable difference between the role and objective of black institutions as they were 10 or 20 years ago, as they will be two decades hence.

And this is why today we are going to say that there has to be a dual kind of support. First, with the institution; second, to the students, for several reasons, if we can accept a very simple premise that the black institutions in this country happen to be a vital national resource, then we can then say that what we are trying to do at these institutions is to make them available to blend in with the multiracial kinds of existence that is in the country. Therefore, we want to make the institution itself equal and up to par, providing the kind of educational opportunities to all of the students.

We are not trying to turn in to ourselves and continue along the same mode, just providing education for black students only, or to perpetuate single race institutions. This is not the role. This is not the goal.

Dr. LYONS. Mr. Chairman, may I make one last point?

Senator PELL. Certainly.

Dr. LYONS. One other point I think needs to be made, we applaud efforts that are made by nonblack institutions to provide additional educational opportunities to students who historically had to be educated by these institutions.

But, you know, one of the things we know across the higher education landscape is that by and large, the large or affluent educational institutions in the country are looking for the top level black student, that individual who will make it in spite of these institutions. Now, it means that these are skimmed off the top.

Now, they are not concerned with the kinds of kids we have to deal with, those who are left; the great masses of young people, the kids who come from economic backgrounds like 75 percent of the kids at my institution—75 percent of these kids come from homes where the parental income is less than $6,000 a year. Well, you can get some idea of the kind of cultural and other kinds of opportunities that are available to those kids in those homes and those communities. But somebody has got to educate those kids. And I submit to you that it is the black colleges that are educating these young people.

We now have to take youngsters who many people consider noneducable from the standpoint of higher education and we take them, we provide them with whatever resources, whatever motivation we can, and we bring them up to a level where they graduate, where they can go to graduate schools, into professional schools, and they compete and hold their own and go into society and make a contribution—and do not end up on the scrapheaps of humanity.

Senator PELL. I agree, but does it have anything to do with race or is it simply the lower economic circumstances that the black families find themselves in? Because the prestigious white or large universities, private universities, are always seeking to skim the best white or black. They want them to get 700 in the SAT's. It does not matter what color they are.

Dr. LYONS. Right.

Senator PELL. The basic problem is to get the society as a whole working at it on an equal basis, equally competitive with regard to jobs, housing, and every other way.

Dr. STOKES. It has something to do with—there are some psychological factors involved—several things, has to do with history, individual background, to the extent that persons are oriented or directed, they feel comfortable at certain places, accepted at certain places; my peers are there, kids with whom I graduated, and these kinds of things.

That is all part and parcel. And the salary factor mentioned is a terribly important thing.

At our institution, roughly 55 percent of our students come to us with below a C average.

Now, we gladly accept that responsibility of trying to take these human beings and make them productive, make them useful citizens of society. All we ask is that in addition to doing this, that then we be allowed—with assistance from several other places—to take and transform the institution itself into a multiracial institution.

Senator PELL. I notice in that regard, I take a little exception of your use of the word terminal for your career training people, because I would hope that the education is not terminal with you, that it will go on through life.

Dr. STOKES. Well, you are so correct, Senator. We use terminal in a very limited kind of sense. But when we say terminal, we mean that we will now provide this student with an education or training or skill that will put him immediately into employment.

Now, that is like a major concern, continuing with education, that is another concern. His first concern is when he begins to develop or mature, acquire a family, responsibilities, if he is going to be useful in society, he first has to satisfy these kinds of needs, then after that continued education becomes very secondary.

Senator PELL. I see that, but I think the word "terminal" has depressing effects on a youngster. If I went to an institution and received my "terminal education," it would have an impact on me afterwards.

I would hope you would consider using another word than terminal.

Dr. STOKES. Generally we do.

Senator PELL. Gentlemen, you have added to my education for which I think you.

Yes?

Mr. FISHER. I would like to add one other comment.

On the paper that I presented on "Reflections on Student Financial Aid Policies," I would like to say in connection with the general conversation that we have just gone through that one of the implications that I see in what is going on at present is that if the student aid policies are going in the direction that I sense they are going, that then we may be signaling the trend away from any approximation toward fulfillment of a commitment to equal education opportunity with real access, real choice, and real achievement. And I think that that has tremendous kinds of implications if money is moved out of these kinds of institutions that serve middle income students who will show a greater need, then it may be all over.

I think that we do need all of the sorts of protection we can get, I guess, by this?

Senator PELL. I understand that. It is hard to have both constitutionally and otherwise place more and more funds at your institutions.

Thank you very, very much, gentlemen, for being with us.

[The prepared statement and other material supplied for the record follow:]

Testimony presented before the

Senate Labor and Public Welfare

Subcommittee on Education

Claiborne Pell (R.I.)
Chairman

on

behalf of the

National Association For Equal Opportunity In Higher Education

Panel on General Health of Higher Education Today (Historically Black Colleges and Universities)

- Dr. Charles A. Lyons, Jr, Chancellor
  Fayetteville State University
  Fayetteville, North Carolina
  and
  President of the National Association For Equal Opportunity In Higher Education
- Dr. J. Louis Stokes, President
  Utica Junior College
  Utica, Mississippi
- Miles Mark Fisher, IV, Executive Secretary
  National Association For Equal Opportunity In Higher Education

Mr. Chairman and members of the Senate Labor and Public Welfare Subcommittee on Education, I am Miles Mark Fisher, IV Executive Secretary of the National Association for Equal Opportunity in Higher Education.

This association represents the historically black colleges and universities of these United States. There are 107 institutions located in fifteen Southern States, four Northern States, and the District of Columbia, enrolling more than 180,000 students. These institutions graduate more than 30,000 students annually with baccalaureate, graduate and professional degrees. These institutions have made and are making a significant contribution to higher education and this nation.

The Association is happy today to participate in these hearings before this committee. We have put together a panel representative of various segments of the black college community, namely, the Four Year Public Colleges, the Four Year Private Colleges, the Land Grant Colleges, and the Two Year Public Colleges.

We have with us today, the Association's President, Dr. Charles A. Lyons, Jr. Chancellor of Fayetteville State University, Fayetteville, North Carolina and Dr. J. Louis Stokes, President of Utica Junior College, Utica, Mississippi. Dr. Milton K. Curry, Jr., President of Bishop College, Dallas, Texas and Dr. Alvin I. Thomas, President of Prarie View A & M College, Prairie View, Texas were unable to be present because of extenuating circumstances.

Before we hear from our panel, I would like to present a brief statement that will put in perspective the remarks that each of them will make.

The impact of the present financial crises is taking its toll upon these institutions, students, faculty, families and sources of financial support. In view of their long time and historical place in the lowest part of the economic strata, black colleges have never been generators of inflation. However, these institutions, along with the black community in general, bear a disproportionate share of the burden of inflation, unemployment and recession trends that are at work today.

Black educational institutions with an overwhelming high proportion of low income students, limited and often no endowments, coupled with extraordinarily limited resources and access to resources are victims of policies that cater and respond to developments in higher education in general with little or no regard for the strategic and yet peculiar position of black colleges. In the present policy debates, much is said about enrollments leveling off and declining in higher education but it must be noted that in the black colleges enrollment pressures and demand continue to be higher. Black colleges have had to decline admission to thousands of students because of limited student financial aid and limited capacity to service them. These students with excellent potential are not in college and many will be lost to society today and tomorrow.

There is every evidence that black youth continue to place a high premium on higher education in the black colleges. Thus, rather than cut back programs which have just begun to service students from low income families, the federal government and the state government must expand resources going to these institutions to allow them to more effectively meet the needs of large numbers of black and other youth while supporting them in the battle with the higher cost of providing education.

Increased costs in salaries, fuel, utilities, labor, services, operational expenses, higher interest rates and rehabilitation of physical plants are of particular concern to these institutions. Attempts by institutions to increase their charges to students in order to recover their inflationary losses are disasterous for schools serving large populations of low income persons who don't have the funds in the first place and who must depend upon student assistance. This assistance has been diluted because of the increase in the pool of eligibles for a restricted amount of money together with the problem of lending in the banking community.

Marginal endownments are in trouble because of the returns to the institutions. Corporations, Foundations and Government are talking cutbacks at a time when institutions are about to pull themselves together. Individuals are reluctant to donate large sums to such endeavors because of the uncertainty of their economic future. None of these areas can afford to be tampered with in these institutions.

Financial resources are a must if programs tailored to offset inadequate educational preparation are to be supported and maintained and the inequities of the past are to be rectified. Student Financial Assistance must be adequate to make opportunity and choice real rather than minimal. If certain compensatory arrangements are not provided for, there will be a waste of potential talent that we cannot afford to lose.

Student Financial Assistance is vital to the continued existence of the notion of equal educational opportunity and attainment as well as to the continued existence of many institutions of higher education serving large populations of low-income and needy students. Such institutions depend very greatly upon federal and state student assistance programs for large amounts of support. Present student assistance programs along with adequate resources, will be necessary for the foreseeable future to allow students real options.

Adequate resources must be provided to insure that students will not be turned away because of the lack of resources. Loans should not be looked upon as the major source of providing educational opportunity but instead, grants and workstudy programs must be viewed as primary sources of meeting educational needs.

With your permission, we would like to have all of our statements and supporting materials placed in the record.

Our speakers will be heard as follows, Dr. Lyons and Dr. Stokes.

REFLECTIONS ON STUDENT FINANCIAL AID POLICIES

by

Miles Mark Fisher, IV
Executive Secretary
National Association For Equal Opportunity
In Higher Education

This statement sets forth some reflections on Student Financial Aid Policies. These policies are of great consequence to historically black colleges and universities as well as low socioeconomic populations.

The changing of the need analysis curve, the conference committee deliberations, and the proposed changes in the BEOG Family Contribution Schedule will be addressed with their possible implications.

This statement does not address the impact that the new regulations and guidelines for the Supplemental Educational Opportunity Grants Program, the College Work Study Program, the Direct Student Loan Program and the Guaranteed Student Loan Program will have on the appropriated funds for Academic Year 1975-76. However, without these considerations some of the thinking still prevails and will possibly be further supported by the implementations of the same.

Academic Year 1975-76 might be the "moment of truth" for many institutions of higher learning in the United States. On August 15, 1974, the College Entrance Examination Board announced a change in the College Scholarship Service's need analysis system by reducing the expected family contributions. This move expands the amount of nonfamily contributed financial resources that will be required to send students to most institutions. This change is reported to necessitate from 500 million to 6 billion dollars in additional financial resources notwithstanding the fact that the present resources are far from adequate.

Some possible results of this action might be as follows:

(1) Shifts by the College Scholarship Service in its needs curve generates a significant level of documented need,

(2) Potentially this could shift the available resources from non CSS institutions to CSS institutions,

(3) Potentially this could shift the aid to CSS institutions and away from lower income students,

(4) Potentially money will move away from the Developing Institutions,

(5) Potentially money will change in the State allocation formulas,

(6) Without a doubt, more campus based money will be needed,

(7) Skewing of the need analysis system has made more students eligible for the already limited pool of resources.

This adjustment in the need analysis curve was ill-timed. It was set in place after the United States House of Representatives and the United States Senate Appropriations Committees had held hearings and had passed on the FY 75 Appropriations Legislation which includes forward funding for the Student Assistance Programs for Academic Year 1975-76. These bodies through their representatives have just completed their Conference Session on the resolution of these appropriations for FY 75. Their report earmarks the BEOC Appropriation to be given to fulltime as well as parttime Freshmen, Sophomores, and Juniors for Academic Year 1975-76. Both Houses of Congress have passed on the Conference Report. It now awaits the signature of the President. Without a major supplemental appropriation for the student assistance programs, the problem facing the various institutions in Academic Year 1975-75 will be further complicated.

The Basic Education Opportunity Grants Program will have its

Family Contribution Schedule changed for Academic Year 1975-76 as follows:

(1) The family size offset will be increased in keeping with the Consumer Price Index.

(2) The Asset Reserve will be increased from $7,500 to $10,000.

(3) The Social Security benefits which were treated as student income will now be treated as family income and taxable differently at a rate of twenty percent, and

(4) The treatment of the independent student will be revised.

This has the effect of expanding the pool of eligibles within years while also moving to include the third year of students to the program. By increasing the family size offset in addition to the extra $2,500 added to the Asset Reserve, the pool of eligibles is thereby increased longitudinally and vertically thus reducing the size of the expected grant that all students will receive in this program. Since this program only covers up to half of the cost of $1,400 whichever is less and the expected grant will not approximate this fully funded entitlement, there will be the need for the up to difference as well as the Other half of the funds to be forthcoming from some other source. The other student aid programs must be substantially increased to offset this deficit in available resources.

These three operations alone might impact student financial assistance policies as follows by:

(1) Changing the whole complexion of postsecondary need,

(2) Starting a lot of students down the trail who will not be able to finish school because of inadequate resources,

(3) Decreasing the Number of blacks and minorities in degree granting institutions,

(4) Causing a disproportionate number of blacks and minorities to participate in the noncollegiate experience,

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(4) Causing a disproportionate number of blacks and minorities to participate in the noncollegiate experience,

(5) Causing institutions to misapply for funds, and

(6) Signaling the trend away from any approximation toward fulfillment of a committment to Equal Educational Opportunity with "real" access, "real" choice, and "real" achievement.

It is hoped that these reflections on Student Financial Aid Policies will be given thoughtful consideration by those interested in equal educational opportunity with access and achievement.

Every advocate of equal educational opportunity with access, choice and achievement must speak to the issues for this may be our "last opportunity" to modify the direction of some deep seated trends that will consign blacks, minorities and other low socioeconomic populations to nonessential positions on the periphery of the mainstream of these United States without the ability, resources, insight, forsight or fortitude to summon their limited resources to address the relevant problems and issues.

THE GENERAL HEALTH OF HIGHER EDUCATION TODAY: THE DILEMMA OF HISTORICALLY BLACK PUBLIC COLLEGES AND UNIVERSITIES

A POSITION PAPER PRESENTED AT A HEARING OF THE UNITED STATES SENATE EDUCATION SUBCOMMITTEE ON FINANCE

(By Dr. Charles "A" Lyons, Jr., chancellor, Fayetteville State University, Fayetteville, N.C., and also president, National Association for Equal Opportunity In Higher Education, Washington, D.C., November 27, 1974)

INTRODUCTION

The historically Black college and university, more than many people realize and appreciate, today has a vital role to play in helping our society to address the critical issues related to the restructuring of our society and to the future of America. Their role today may be seen as great as their historical role of lifting an oppressed people out of the mire and morass of degradation, denial and despair.

These institutions, moreover, have been the spawning ground for the ideas, the idealism and the leadership which have helped to propel the American society to the point where its leaders and its people must give more than lip service to the notion of a single standard, non-segregated, non-discriminatory, free and open society as a positive good.

These institutions serve today as significant laboratories testing the sufficiency of the fundamental social philosophy of America. They are helping to demonstrate that our ideas about the essential self-esteem, the worth and dignity of the individual, human freedom and equality of opportunity can be translated into public policies and institutional arrangements that work.

America needs all of its higher education resources to help provide a continuing supply of critical manpower resources. If nothing else will prod us on, the sheer principle of enlightened self interest should be sufficient to cause us to recognize the importance of this national resource.

Perhaps all colleges can make a case for increased financial support; all can point to graduates who do not perform at sufficiently high levels of academic excellence; and all can bemoan a great diversity in students that usually accompanies increased enrollment. But the fact that all predominantly Black institutions can, with little difficulty, qualify as under developed institutions suggests that inhibiting factors operate with greater intensity in the Black colleges. Under the circumstances, the Black colleges, therefore, must have preferential treatment of various kinds for yet a period of time during which they and their students make a serious effort to compensate for the disadvantages at which they have been placed historically.

Over the years, the Black college has struggled with the stubborn problem of accelerating the academic achievement of thousands of their students who enter college with considerable potential for learning but with poor backgrounds and serious deficits in study habits and attitudes. With grossly inadequate resources, the Black colleges have tried desperately to cope with this problems, and they have made achievements of which the nation has reason to be justly proud. Quite understandably, there must now be dramatic improvements of many types and forms.

Regardless to the way in which educational institutions of the nation share the responsibility for educating the disadvantaged students in the immediate future, it is clear that the historically Black institutions must increase their efficiency in handling these students.

In summary, each State of the Union now faces a challenge in perfecting a system of higher education that will be adequate to the needs of all population groups. The challenge arises out of a history of "separate but equal", especially in the South, in which the condition indicated by the first term obtained but the condition indicated by the last term did not. The economic resources of the States were not sufficient to support adequately two sets of educational institutions. Hence, the population group with least economic, political, and social power had to take the consequences in inadequate educational resources. This state of affairs, in turn, resulted in an increasing differential between the two sets of institutions. And now, the States seek ways to equalize the educational opportunities provided through their institutions of higher education.

The States' emerging orientation toward equality of educational opportunity pose dilemmas for the institutions which have traditionally provided education for Blacks. For institutions that have provided higher education for Blacks, these dilemmas are experienced as especially crucial.

THE CASE FOR THE HISTORICALLY BLACK PUBLIC COLLEGE

I. PRIDE IN THE ACHIEVEMENTS OF THE STATE-SUPPORTED BLACK COLLEGE

The extent to which tax-supported Negro colleges have prepared their students to take high positions along with others in a competitive society; and the extent to which they are successfully meeting the challenges in industry, government, and education is a source of great pride. The tax-supported Black colleges offer no apologies for their accomplishments of the past—accomplishments obtained under the most severe handicaps. Tax-supported Black colleges have been working with remedial programs throughout their history, and have developed some competencies in these areas without sufficient personnel and resources. To presume that little of educational significance has been accomplished in the past, because authorities are now "discovering" that the Black college has deficiencies, is totally erroneous. The tax-supported Black colleges pay full recognition to the manifest leadership evidenced in this nation by their graduates.

II. THE ROLE AND PURPOSE OF THE STATE-SUPPORTED HISTORICALLY BLACK COLLEGE

The tax-supported Black colleges have historically held as purposes:

A. To provide educational programs for qualified youth.
B. To lift the level of achievement of Black youth.

The crisis in higher education today causes the tax-supported Black college to continue old purposes and, in addition, focus upon redefined purposes related to the crisis and its urgency. They are:

1. To develop motivation and lift the sights of Black youths.
2. To bring Black youth up to regional and national norms of performance by delineating appropriate steps to be taken in this direction.
3. To obtain a student population of diverse racial elements more nearly reflecting the demographic pattern of the nation and thus providing for more realistic preparation for life and service and the nation.
4. To train a type of leadership which will help lift its State to a higher position of national eminence.

III. ADMINISTRATIVE ORGANIZATION

There exists the basic error that institutions need varying types of administrative services. Black colleges share the dilemma of smaller non-Black tax-supported colleges in not having adequate administrative services. Institutions have similar responsibilities regardless of size. Any comparison of institutions of comparable size, inclusive of Non-Black state-supported institutions, will face the stark revelation that the number and kind of administrative positions are not comparable. An institution with 1,000, 5,000, or 10,000 students needs a coordinator of personnel, a financial aid officer, a development officer, and a central office to draft proposals for foundations and the Federal Government and to implement these programs when granted. Every student body should have available psychiatric services.

The complexity and diversity of funds coming to the college from a non-state tax source make it imperative that full-time administrative officers are mandatory and the semi-teacher-administrator can no longer suffice. Essential services are the same irrespective of the size of an institution. In order to function effectively, Black colleges must have more of the kinds of administrative personnel which all colleges must have.

IV. EXTENT AND QUALITY OF SUPPORTING ADMINISTRATIVE AND SUPERVISORY PERSONNEL

To enter the new day expected by the public, it must be made unequivocally clear that motivation of Black students is a major concern. Motivation and achievement are linked to guidance and counseling services. Knowledgeable persons in the area of counseling contend that there should be one counselor for every 200 students. Black colleges with 3,000 enrollment, by such standards, should have 15 counselors. An enrollment of 1,000 or slightly more, should have five counselors. State-supported Black colleges are struggling along with one, two, and three counselors.

Assistant deans of women are virtually unheard of on the tax-supported Black college campuses. House Directresses who have the responsibility for leadership, guidance and conseling in the women's dormitories often do not hold baccalaureate degrees. The small salaries alloted to these positions will never attract highly trained women, yet, it is obvious that the educational environment must continue in dormitory living when the classroom participation has ended for the day. Counseling and more counseling services must be secured.

V. ADMISSIONS POLICIES, RECRUITMENT, AND RETENTION OF STUDENTS

Each state-supported historically Black college should set its own admissions criteria will show in a realistic way that each college is looking toward continuous improvement.

Selective recruitment of students is essential and improved standards in admissions policy will necessarily reflect better recruitment. Selective recruitment is linked inseparably to scholarships. Larger, more affluent educational institutions possess those financial attractions more abundantly than tax-supported Black colleges; hence, the Black youth with highest academic potential are lost to the Black colleges. This means that the Black student body is bereft of this leavening agency which gives ferment and produces intellectual competition and motivation. The Black college must have adequate grants, scholarships, and other aid, if it is going to meet present-day demands.

Rentention of qualified students is a central responsibility of all colleges and specifically the Black college. The attrition rate in all colleges must be lowered. Naturally, there are those students who will fail to graduate because of the increased complexity of course work as they ascend. The grave concern is the college dropout who can succeed it sufficiently motivated. Not only is motivation linked to scholarship opportunities, but also to the basic question: "What kind of employment opportunities do I have after college?" The North Carolina Black dropout sees too few, if any, Blacks occupying non-traditional jobs in his local and State surroundings including municipal and State government. It is very difficult to encourage a student to stay in college and prepare for a job which exists for his race in such places as Chicago or San Francisco, or perhaps not at all. The Black colleges recognize fully the necessity for indepth research on the Black college dropout.

VI. DESIRED QUALITY OF THE LEARNING ENVIRONMENT

The learning environment can be no better than the faculty, equipment, instructional materials and the attitudes and dispositions which the students bring with them. Well staffed libraries and books consonant with programs of instruction are indispensable requirements in creating a meaningful learning environment. Moreover, libraries, laboratories, research facilities, and cultural activities play vital roles in enhancing the learning process. Historically, Black students in States with dual higher education systems have received much less than white students in appropriations.

In order for the Black college to bridge the gap in terms of regional and national norms of performance with its students, there is the absolute necessity for these three areas of new endeavors:

A. Special programming and instruction for those in the middle range of admissions criteria.

B. Outstanding and new developmental programs for those students admitted in the lower range.

C. Abundant newer media of instruction.

Old ways, methods and materials will not do the job of accelerating the learning process and close the gaps in norms of performance. And, even the three pressing urgencies listed above will not eliminate, in one decade, the damage that a century of cultural, academic and economic deprivation has done to Blacks. The overall quality of the learning environment must be improved immediately in the Black colleges.

VII. THE EXTENT AND QUALITY OF THE FACULTY

The Black colleges fulfill the accreditation standards of their Regional Accrediting Associations with regard to qualified faculty in their overall programs, and their State Departments of Public Instruction in terms of qualified faculty for their teacher education programs. Occasionally, there are some areas which receive probation. The Southern Association of Colleges and Schools recommends that a college faculty should have a minimum of 30% doctorates. Black colleges need a considerably higher percentage. Concomitantly, these terminal degree holders must be distributed through the academic disciplines. Black colleges now find that state and national governments, industry, foundations, other agencies, and predominantly white colleges and universities compete for these qualified personnel and the colleges' cupboard is bare in certain areas. We are faced with definite possibilities of reduced standards in faculty. Black doctorates are produced in insufficient numbers to staff such areas as economics, physics, mathematics, textiles and clothing, foods and nutrition, library science, special education, music, and geography. The Black colleges need depth in doctorates in all disciplines. This would encourage better instruction and more creative research and activities. The colleges are committed to the recruitment and employment of qualified personnel without regard to race or other educationally irrelevant criteria. It is agreed that a racially mixed faculty, as well as a racially mixed student clientele, offer more redeeming educational benefits.

VIII. FACULTY IMPROVEMENT AND RECRUITMENT

Faculty improvement may be achieved in several ways. We take the position that improvement through further academic preparation is the critical need now. Necessity demands that financial means become available whereby the institutions can send selected members of present staff for higher training rather than depend solely upon the slow evolving outside market for doctorates.

Secondly, newer media of instruction, outstanding and new developmental programs and programing instruction are new features of the new face of education and it is imperative that select faculty personnel be retained in the light of the expectations of the society.

Thirdly, faculty improvement must come through research. The Black colleges with teacher loads of 12 and 15 semester hours cannot expect individual nor institutional research of substantive quality. There is not the time. The lack of research funds and facilities constitute other barriers.

Fourthly, class sizes are deterring factors in teacher preparation, hence, in teacher improvement. We recommend that in the new and improved programs to be undertaken by the Black colleges, no class will exceed 20 students. This will aid in individualized instruction.

While the items are listed numerically, it is done only for clarity. All four recommendations must be undertaken simultaneously.

IX. FACULTY SALARIES, FRINGE BENEFITS AND INCENTIVES

Increased faculty salaries is a central concern. Black colleges cannot hold qualified personnel in the new day of competition-wide disparity in salaries. No institution can secure the most effective cooperation in its teaching faculty when that faculty knows that it is underpaid.

In addition, the Black colleges take the position that any approach toward uniformity in standards of expectation in higher education in the various States should approach equality in salary throughout the system of higher education. Small colleges are at a distinct disadvantage in the employment of qualified faculty members because of salary differential. This arrangement clearly evidences the assumption that a doctorate in one institution is inferior to a doctorate in another institution. The argument is incontestable that salary increases are strong incentives for recruiting and retaining qualified personnel.

X. PLACEMENT OF GRADUATES

It is the responsibility of the Black colleges to operate an efficient Placement Bureau. A Director of Placement has to be knowledgeable about job employment opportunities in old and new vocations. Black colleges are familiar with teacher placement of its graduates, but the burgeoning new opportunities from national business firms and agencies operating under Federal Government contracts are expanding job horizons.

The Black colleges must prepare for a better follow-up of their graduates in job situations. The follow-up procedure is one of the primary ways the college receives "feed back" which has implications for curriculum revisions.

It is also the responsibility of the college to be alert to new job opportunities in the State and nation for its graduates in areas other than teaching, and to encourage State and local governments to employ qualified personnel without regard to race.

XI. RELATIONSHIP WITH OTHER COLLEGES AND UNIVERSITIES

More inter-institutional cooperation as an aid in solving the problems which face the Black colleges is desirable. This cooperation may take several forms and should be mutually beneficial to the institutions and students involved.

Financial Support.—Higher education in tax-supported Black colleges is considered to be crucial now; hence, only massive financial support will set in motion the appropriate directions to hasten expectations. A ten-year program of massive financial support is needed.

WHAT IS NEEDED?

A. New developmental program.
B. Intensification of current programs.
C. New faculty recruitment.
D. Improvement of current faculty.
E. More essential administrative positions.
F. More essential non-teaching personnel.
G. More counseling services.
H. More modern teaching equipment in every academic area.
I. More instructional materials.
J. Smaller class sizes.
K. More adequate library holdings.
L. More testing services.
M. Increased faculty salaries.
N. More tutorial services.
O. More scholarships, grants, loans and other financial aid.
P. Increased cultural activities.
Q. More institutional research.
R. More research funds.
S. Strong programs of independent study.
T. More student exchange and internship programs.

WHAT IS NOT NEEDED?

A. Legislative appropriations based on old formulae: (1) Student-teacher ratio; (2) Per capita cost based on enrollment.

Under the new approach to achieve specified standards engendered by new purposes, expanding enrollment should no longer be the criterion for increased appropriations. Quality in programs, quality in the exit products and the known necessity of having to play "catch up" demand that Black colleges request, not only normal services, but more services and extra services.

B. The tax-supported Black college administrators deplore the methods used by educational authorities and legislators of comparing Black and non-Black tax-supported institutions solely by enrollment sizes and per capita cost in arriving at equity in distribution of funds. Comparisons can only be realistic when there is a correlation of functions, services, and programs within an institution with per capita cost.

XIII. ON HIGHER EDUCATION AND ITS RELATIONSHIP TO SECONDARY EDUCATION

Higher Education cannot be divorced from secondary education nor can secondary education be divorced from elementary education. Irrespective of what programs the Black colleges set in motion to accelerate the learning process and secure higher achievement, excellence does not begin at the top and proceed downward automatically. Rate of achievement is based on foundations. The high schools are approved by the State Departments of Public Instruction and if their graduates do not perform up to acceptable standards for college entrance, then it stands to reason that there is much lacking in their prior preparation.

The relationship of all levels of education and the articulation between the levels become more urgent when the diversity of home backgrounds and the socio-economic level of Black families are considered as starting points in the equation. The position of the State-supported Black colleges is that any thrust in higher education toward increased standards and higher outcomes must be accompanied simultaneously in each state by a state-wide thrust in secondary and elementary education as it relates to Blacks.

CONCLUDING STATEMENT

In the foregoing pages, positions have been stated on some of the major issues and problems now facing the state-supported historically Black colleges in America. Needless to say, these issues pose a challenge to their States in perfecting systems of higher education adequate for the needs of all of their people. These issues confront the Black colleges with dilemmas of great magnitude. They also present them with a serious challenge. Number one in importance, however, is the challenge presented to State Higher Education Authorities, the State Legislatures, and agencies of the Federal Government. In massive financial support, continuing mutual effort, cooperation, and respect among these agencies and the colleges will be found the answer to the question presented to these colleges: "Where do we go from here?"

Senator PELL. This concludes this phase of the hearings of the subcommittee.

The subcommittee will stand adjourned.

[Whereupon, at 12:30 p.m., the subcommittee adjourned.]

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